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Joining up
US healthcare gets merger fever
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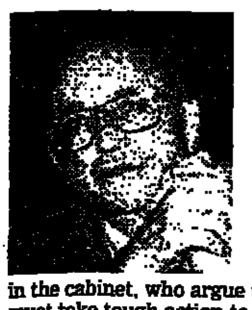
Weekend FT
The secrets of the replacement man

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY OCTOBER 7 1994

Berlusconi to take action against Milan magistrate



The Italian government decided to press a formal complaint against Saverio Borrelli (left), Milan's chief public prosecutor, over a newspaper interview on Wednesday that contained allegations about prime minister Silvio Berlusconi and justice minister Alfredo Biondi. The move is a victory for the "hawks" in the cabinet, who argue that the government must take tough action to curb the increasing political interference of the anti-corruption magistrates in Milan. Page 18

Allianz targets UK for expansion: German insurance group Allianz Holding is looking for foreign acquisitions and has a particular interest in the British life market, chairman Henning Schulte-Noelle said. Page 19; Lex, Page 18

EU enlargement threatened: Plans to bring Austria, Sweden, Finland and Norway into the European Union in January could be dashed by arguments between member states which are delaying ratification of the expansion. Page 3

Taylor Woodrow in US deal: British construction group Taylor Woodrow, in a joint venture with US developer Kenco Communities, paid $20m for 653 acres of prime development in Florida. Page 24

UK recovery may be slowing: Surprise falls in UK industrial *production and manufacturing output* in August appeared to confirm indications that economic growth may be slowing. Page 18

Union Pacific bid could thwart merger: Plans to merge US railway companies Burlington Northern and Santa Fe Pacific were thrown into confusion by Union Pacific, which launched a hostile bid for Santa Fe. Page 19; Lex, Page 18

Rover plans return to US market: Rover-produced cars will return to the North American market despite the sales failure of its Sterling-badged cars at the end of the 1980s, Berndt Pischetsrieder, chairman of BMW, Rover's parent company, said. Page 19

Seven new lawyers at Eurocourt: Seven lawyers were appointed unopposed as judges and advisers to the European Court of Justice in Luxembourg in the single biggest turnover of personnel in the court's history. Page 18

Tetra Pak loses appeal against fine: Swedish packaging group Tetra Pak lost an appeal against an Ecu75m ($93m) fine levied by the European Commission which claimed it tried to stifle competition between 1982 and 1986. Tetra Pak said it was almost certain to contest the decision in the European Court. Page 8

Kmart expects fall in earnings: Shares in troubled US discount store group Kmart fell after the company warned that it expected to report a fall in earnings for its third quarter. Page 21

Etam warns of weaker trend: Shares in fashion retailer Etam fell as the group almost doubled interim profits to £4.74m ($7.5m), but warned of a slightly weaker trend at the beginning of the second half. Page 25

Cardoso claims victory in Brazil: Social Fernando Henrique Cardoso claimed victory in Brazil's presidential elections over leftwinger Luiz Inácio Lula da Silva and promised to tackle the country's huge social problems and seek a higher profile in international affairs. Page 7; Observer, Page 17

Bonds lead UK equities in rally: Firmer bond prices encouraged a rally in the UK stock market yesterday. The FT-SE 100 Share Index climbed 28.1 to close at 2,984.4. London stocks, Page 27; World stocks, Page 38

Microsoft links with Olivetti: Microsoft has chosen Olivetti, troubled Italian computer and office equipment manufacturer, as a service and support partner for desktop systems in Europe. Page 20

AEG sees DM90m battery sales: AEG, Daimler-Benz's lossmaking electrical and electronics subsidiary, expects annual sales of DM90m ($58.4m) from a new high-energy battery when it starts full production in 1998. Page 20

Union in court battle over pensions: The GMB general union is planning to mount a legal challenge in the British High Court in an attempt to win pension rights for thousands of workers whose public sector jobs have been privatised. Page 10

■ STOCK MARKET INDICES

FT-SE 100:	2,984.4	(+28.1)
Yield	4.24	
FT-SE Eurotrack 100	1,290.84	(+4.36)
FT-SE-A All-Share	1,489.09	(+0.8%)
Nikkei	19,655.23	(-96.32)
New York: lunchtime		
Dow Jones Ind Ave	3,785.99	(-1.35)
S&P Composite	454.06	(+0.54)

■ US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	5.072%
Long Bond	95
Yield	7.932%

■ LONDON MONEY

3-mo Interbank	6%	(6 1/16%)
Liffe long gilt future:	Dec 99⅝	(Dec 99 1/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$16.96	16.75

■ Gold

New York Comex (Dec)	$395.1	(395.2)
London	$391.8	(392.7)

■ STERLING

New York lunchtime:		
$	1.5910	
London:		
$	1.588	(1.5874)
DM	2.4526	(2.4486)
FFr	8.3823	(8.358)
SFr	2.0336	(2.0294)
Y	158.403	(157.894)
£ Index	80.2	(same)

■ DOLLAR

New York lunchtime:		
DM	1.54195	
FFr	5.2710	
SFr	1.278	
Y	99.625	
London:		
DM	1.5444	(1.5426)
FFr	5.2785	(5.2717)
SFr	1.2806	(1.2785)
Y	99.75	(99.47)
$ Index	62.2	(62.1)

Tokyo close Y 99.55

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$16	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw80.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira90	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
Finland	FM14	Kuwait	Fils.625	Poland	Zl 38,000	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.50	Portugal (m'land)	Es225	Turkey	L30000
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00

Taiwan shares fall as stock market crisis spreads

By Laura Tyson in Taipei and Guy de Jonquières in London

A Taiwanese stock market controversy widened yesterday as executives of broking houses were detained attempting to leave the island, payment defaults mounted and share prices fell sharply for the second consecutive day.

Brokers in Taipei said yesterday's 4.2 per cent fall occurred when retail investors learned underground financiers had abruptly withdrawn funds advanced to stock market speculators, triggering payment defaults.

The Taiwan Securities and Exchange Commission said defaults so far involved 18 local brokerage houses and amounted to T$6.6bn ($252.4m), but that the final total could turn out to be higher. Mr Day Linin, chairman of the commission, said the Taiwan Stock Exchange would use a T$9bn stabilisation fund, established after a similar occurrence two years ago, to cover share payment defaults.

This is the second stock market incident in two years linked to Mr Oung Ta-Ming, one of Taiwan's wealthiest businessmen, who effectively heads the Hualon group but occupies no formal position. In 1992 a Taiwan court sentenced Mr Oung to three-and-a-half years in prison for breach of trust, though the conviction was later overturned on appeal.

Meanwhile, the British government yesterday launched an urgent inquiry into the effect on Hualon, which is due to receive £61m ($97m) of aid for a controversial textiles plant project in Belfast.

The Taiwanese securities commission said T$2.7bn of the defaults involved securities companies linked to Hualon and it ordered Hung Fu Securities and Yung Feng Securities to suspend trading.

Northern Ireland's department of economic development said yesterday that it was seeking urgently to establish exactly what had happened in the share crisis. The inquiry is being handled by officials from the department and the industrial development board, which has an office in Taipei.

Four close associates of Mr Oung were detained at Chiang Kai-Shek International airport early yesterday as they were about to board a flight to Hong Kong. The associates, who denied they were trying to flee the country, include Ms Fang Hsiu-hua, president of Hung Fu Securities.

Though Mr Oung, as a member of Taiwan's parliament, is effectively immune from prosecution, his and Hualon's involvement threaten further to embarrass the Northern Ireland Office. The office has already been sharply criticised for backing the £160m Belfast textiles plant, the largest manufacturing investment in Northern Ireland since the failed De Lorean car project in the 1970s.

European textile manufacturers are challenging in the European Court the European Commission's decision earlier this year to approve aid for the plant. The project is also being investigated by the UK House of Commons Northern Ireland Committee.

A spokesman for Hualon-Teijran, Hualon's listed flagship, said his company was operating normally.

Criticism grows as Brussels prepares to approve aid

Row set to erupt over $2bn boost for Bull

By Emma Tucker in Brussels and John Ridding in Paris

A fresh storm over the use of government aid to prop up ailing European companies is likely to erupt next week when Mr Karel Van Miert, European competition commissioner, is expected to recommend approval of a FFr11bn ($2.08bn) payment from the French government to Groupe Bull, the loss-making computer group.

His proposal to approve the aid will heighten tension between the Commission and private European enterprise amid growing criticism that Brussels is not doing enough to prevent governments from distorting competition through state-funded rescue plans.

This week the UK government and seven European airlines appealed to the European Court of Justice to annul the Commission's recent decision to allow the French government to grant FFr20bn in fresh subsidies to Air France, the ailing national carrier.

Mr Van Miert's recommendation is likely to go before his fellow commissioners for final approval next week. With only a simple majority of votes required for authorisation, it is almost certain the French government will win the go-ahead.

The Commission told the French government earlier this year that unless it suspended payments to Groupe Bull it could face action in the European Court of Justice. The French authorities were then given 30 days to present restructuring proposals to the Commission for consideration. As in other recent state-aid cases the Commission is likely to attach conditions to the granting of the aid. These will probably stipulate that Groupe Bull stick to its own restructuring proposals and that no more aid be granted during their progress.

The French government claims the capital injections are a vital element in a restructuring package aimed at restoring the group to profitability after accumulated losses of about FFr20bn since 1989. Mr Gérard Longuet, the industry minister, has described the capital injections as a "one time – last time" injection before privatisation.

The package, implemented by Mr Jean-Marie Descarpentries, who took over as chairman last year, involves a sharp cut in overhead costs, sale of assets, and reduction of the company's Paris sites from 24 to two. A plan to cut 6,500 jobs in 1993 and 1994 has been accelerated.

Continued on Page 18

Renault employees demonstrate inside the Paris bourse yesterday against the impending privatisation of their company Report, Page 2 AP

BSkyB announces £1bn flotation

By Alice Rawsthorn in London

British Sky Broadcasting, the satellite television company, confirmed yesterday that it plans to go public by staging a share issue on the London and New York markets.

The issue, tentatively scheduled to take place before Christmas, is expected to involve the sale of up to £1bn ($1.59bn) of new BSkyB shares, or 20 per cent of its enlarged equity, valuing the company at just under £5bn.

The news of the proposed flotation marks the culmination of BSkyB's spectacular recovery after its troubled launch period and years of losses. It follows this summer's announcement that the company, which now has over 3.45m subscribers, increased operating profits to £176.8m in the year to June from £54.1m in the previous year. "We all expected BSkyB to go public at some stage," said Mr Gerry Robinson, chief executive of Granada, the UK leisure group which is one of the company's four existing shareholders. "It was simply a question of whether it would be sooner or later."

The proceeds of the issue, which will be sponsored by Goldman Sachs and Lazard Brothers, will be used to reduce BSkyB's £1.7bn debt: specifically to repay the £1.2bn portion of the debt given or guaranteed by its four shareholders. Mr Rupert Murdoch's News Corporation, will be the chief beneficiary because, as the largest investor with 50 per cent, it provided roughly half the £1.2bn shareholder debt, so should receive around £500m after the issue.

The other shareholders – Pearson, the media group that owns the Financial Times, Chargeurs, the French textile company, and Granada – will benefit largely from the eradication of their debt guarantees. Pearson's shares yesterday rose by 8p to 590p. News Corporation's shares were unchanged at 229p, Granada's slipped by ½p to 490½p and Chargeurs's fell by FFr29 to FFr1,284.

The impetus for the flotation is understood to have come from BSkyB's management, which raised the idea with the four shareholders in early September. Yesterday's announcement followed intense negotiations

Continued on Page 18
Lex, Page 18

Troubled Kidder Peabody moves securities in shake-up

By Richard Waters in New York

Kidder Peabody, the troubled investment banking arm of General Electric, is to move $20bn-$30bn of securities to another part of the US industrial group as part of a restructuring announced yesterday.

It also emerged that Kidder has held talks about selling its retail broking business in the US, an operations which is widely regarded as the company's "crown jewel".

These moves represent the first steps taken by the new management team put into Kidder in June to sort out the firm's battered reputation on Wall Street.

Kidder was rocked in April by its claim that a trader had created fictitious profits of $350m, and its trading businesses suffered losses with the downturn in bond markets during the spring.

The changes could also mark the first step in a disposal of Kidder. GE has attempted to sell the investment bank, and the group is widely thought to want either to sell it or close it down. The turmoil of recent months, however, have made the bank unsellable in its current form, according to other Wall Street houses.

Under what it called a "repositioning" of the firm, Kidder said it would cut its balance sheet from $80bn to $50bn-$60bn by the end of the year. This would be achieved by shifting a $6.7bn portfolio of difficult-to-value and complex mortgage-backed securities, known as collateralised mortgage obligations, to part of GE Capital, the industrial group's financial services arm. The remaining securities to be shed by Kidder are understood to be instruments to protect against a fall in value in the CMO holdings. The shrinkage of Kidder's balance sheet will reduce any pressure on GE to put further capital into the troubled bank.

Salomon profits alert...Page 19

Earlier this year, $400m of extra capital was injected into the firm to cover losses and bolster its balance sheet. Since then, Kidder is thought to have suffered further losses in its trading operations.

Announcing the changes yesterday, Mr Dennis Dammerman, Kidder's chairman and chief executive, said the bank would remain in the mortgage-backed business, an area where it is the recognised leader on Wall Street.

Kidder also said it planned to cut about 550 jobs, out of total of 5,500, as part of an effort to reduce costs by $100m a year. It added it would narrow the scope of its investment banking business and concentrate on a small number of industrial sectors. A move to new offices in Manhattan has been cancelled.

But the bank refused to comment on discussions it has held with PaineWebber, another US securities house, about selling its retail broking operation which is considered to be one of Kidder's most attractive businesses.

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Republic National Bank

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EU backing for telecoms competition

By Andrew Adonis

A "one-stop telecommunications shop" has been set up by European governments to promote greater competition in provision of telecoms services and help harmonise licensing arrangements.

Twenty European governments, including all EU states except Ireland, have given their backing to the European Telecommunications Office, which has been established in Copenhagen.

The European Commission sees the office as a key step in opening up Europe's telecoms market to competition.

Eleven governments, including all the EU except Portugal, Greece and Ireland, have agreed the office will provide a standardised application procedure for companies wishing to provide new or competing telecoms services within their countries.

Member governments will have an obligation to process applications within six weeks where possible, and provide translations of licences into English.

Most EU states will not open basic voice telephony to competition until 1998, but a wide range of telecoms services, including private corporate networks and leased line facilities, are already open to competition.

A Commission official said: "This is to help make telecoms competition a reality, by making the licensing procedure less opaque and to curb the endless delays currently involved".

The European Telecommunications Office has been given responsibility for devising pan-European numbering systems for companies wishing to offer services such as freephone in more than one country. It will look at ways of harmonising licensing requirements, which vary widely between member states.

The Commission's telecoms division was working "flat out" to publish a Green Paper next month on the liberalisation of telecoms infrastructure across the EU, enabling new operators to provide services over their own networks, the official added.

The Green Paper is set to recommend that infrastructure be liberalised in line with services, allowing competitors to existing telecoms operators to begin at once with investment in competing networks. They would be able to use them in all services by 1998.

Last week's telecoms council in Brussels saw strong opposition from Spain, Portugal, Greece, Denmark and Ireland to any early liberalisation infrastructure, but agreed the Commission should present proposals to the next meeting in mid-November.

The UK, Germany, and the Netherlands have given strong support for liberalising infrastructure in line with services.

Renault chairman Louis Schweitzer conducts President Mitterrand and industry minister Gerard Longuet, right, through the Paris motor show yesterday. Renault's privatisation plans were partly responsible for a union raid on the bourse AP

Trade unionists raid Paris bourse

By John Ridding in Paris

The Paris bourse fell yesterday to a market raid – French style. Hundreds of trade unionists invaded the bourse headquarters in the grand Palais Brongniart building, forcing the suspension of trading in the financial futures pits.

The invaders, from the communist-led union, the Confédération Générale du Travail, were protesting against the government's privatisation programme. In particular, they demanded the cancellation of the planned sale of shares in Renault, the state-owned motor group and a symbol of French union power.

"We are targeting the bourse because it is the den of capitalism," said Mr Joël Biard, the CGT's general secretary for the Paris area. He argued that privatisations would destroy jobs.

The raid is the latest attempt by the CGT and the Communist party to derail privatisation. Their dwindling influence however, means they have found little success.

A call for Renault workers to down tools last month in protest at the privatisation plans mustered little support. On Wednesday night, Mr Edmond Alphandéry, the economy minister, confirmed that just over 30 per cent of Renault's shares would be floated by the end of the year.

The CGT caused more disruption within the bourse. Pit trading halted in Monep stock options and futures contract on the CAC-40 index of leading shares. Screens were plastered with stickers, while unionists traded places with brokers behind the banks of terminals.

A lone broker from a US investment bank continued to trade by telephone, while a colleague was resigned. "We have seen this before. Two years ago it was a protest against job cuts at Peugeot. Before that it was the farmers," he said.

A spokesman for the bourse said that futures trading was continuing by telephone, and that the impact of the disruption would be limited. Shares, which are traded by an electronic system, were unaffected.

The unionists, however, were undeterred. "We are here to make a point. We will stay until we have made it. That could be days." In the event it was hours. By 2pm, the CGT had withdrawn from the den of capitalism, hoping their point had been made.

Judy Dempsey visits an east German town on the eve of a decision about the fate of its steelworks

Eko Stahl workers watch with little hope

Mr Joachim Wunderlich will celebrate his 53rd birthday today. But he has mixed feelings about the occasion. Had he been one year older, he would have been entitled to a generous redundancy plan the Treuhand privatisation agency is offering to those aged 54 and over and lucky enough still to be employed at Eko Stahl, eastern Germany's largest steel mill.

The redundancy plan is dependent on the Treuhand agreeing today to selling Eko Stahl to Cockerill-Sambre, the Belgian steel producers.

"These people will receive 80 per cent of their income until they reach the pensionable age of 60," said Mr Wolfgang Ramthun, head of the workers' council at Eko Stahl. "It is a good package. But we do not know what will happen to the rest of the workers, whether or not Cockerill takes us over," he added.

The news that Cockerill intends to buy Eko Stahl has evoked little enthusiasm among it's remaining 2,900 employees, less than a quarter of the total workforce employed at the mill before German unification.

"We have been let down so many times in the past," said Mr Wunderlich, who has worked in the mill for nearly two decades. "Many of us are sceptical about the latest offer, especially since the European Union, and particularly the British, will try to veto the deal, even though Brussels helped British Steel in the past. Memories are short".

The planned investments for Eko Stahl are likely to cost the German taxpayer about DM1.2bn. (£490m) In an attempt to make the mill competitive, the Treuhand will spend DM470m on building a new blast furnace. The federal government and the state of Brandenburg, where Eko Stahl is located, will each spend DM150m on modernising the cold-rolling mill. Cockerill will invest DM530m in installing a hot-rolling mill, although the Belgians are insisting that the Treuhand will subsidise a part of these investments through providing generous credit and grant facilities.

"There is simply no alternative to these investment plans," said Mr Ramthun. "Without Eko Stahl, the town of Eisenhüttenstadt is dead. Withouth Eko Stahl, there will be no chance for an industrial core to support a *Mittelstand* [small and medium-sized enterprises]. Without Eko Stahl, the government will be forced to financially support the 50,000 inhabitants who are dependent on the mill for their livelihood," he added.

Unemployment is already officially 15 per cent of the labour force. Another 15 per cent are on government support schemes, with little prospect of re-entering the labour market. "The unemployed are depressed, with nothing to do," said Ms Birgit Pfeiffer, a nurse at the local hospital. "Look at them," she said, pointing to several early-to-middle-aged men walking their dogs. "You are lucky if you see young people around. Over 5,000 people have migrated to western Germany. We have lost our young, energetic generation," she said.

It is hardly surprising that few German politicians are prepared to let Eko Stahl collapse, particularly since 10,400 workers have already lost their jobs there over the past three years.

Yesterday, Mr Günter Rexrodt, the federal economics minister, visited the mill to reassure the workers. "He's coming just 11 days before the election," said Mr Wunderlich. "Every politician is trying to gain mileage out of Eko Stahl," said Mr Ramthun. "In fact, Eko Stahl is a political and social issue," he said.

It was ever thus. Back in 1950, east Germany's Communist party built the giant steel complex, close to the Polish border, in order to industrialise this under-developed and largely agricultural region of eastern Germany. The mill – and the town which was built around it – was called Stalinstadt after the Russian dictator. It was later changed to Eisenhüttenstadt– Iron Works City – and was honoured as the first socialist city of the German Democratic Republic because it had no churches.

"The communists made a terrible mistake with the mill," said Mr Ramthun. "They never installed a hot-rolling mill. This meant we had to send the blocks of steel to other enterprises to be warm-rolled. They were delivered back to us out of which we made finished products in the cold-rolling mill.

"For years the communists thought about building the hot-rolling mill. When they finally decided to do so in the mid-1980s, they had run out of money."

Herein lies the crux of Eko Stahl's problems. Over two-thirds of the mill's annual DM150m losses on a yearly turnover of DM1bn are caused by high transport costs required to get the steel hot-rolled. What the Treuhand – and Cockerill – now want to do is to create an integrated steel mill through building a hot-rolling division.

"That will cut losses and ensure a future for us," said Mr Reinhard Behrend, head of Eko Stahl's public relations department. "Of course the west Germans do not like this. They know we will become a real competitor. They disguise their concern by accusing of creating over-capacity."

"No matter what we do, it is wrong. But we have to keep hoping," said Mr Wunderlich. He asked that he not be given birthday greetings before today.

"It is supposed to bring bad luck."

Unemployment fails to excite German voters

By David Goodhart, Labour Editor

GERMAN ELECTIONS October 16

In the depressed Lausitz region of east Germany, where some towns have a jobless rate of more than 20 per cent, a trade union official says that housing is a bigger election issue than unemployment. In Hamburg a Social Democrat candidate for the Bundestag admits that no party has "the easy answers" to high unemployment. Not for the first time in a recent European election both the parties and voters claim that combatting mass unemployment is their number one issue, yet they do not seem to believe it.

"There is a ritualistic quality to the debate, heightened by the fact that the political extremes have *not* prospered from high joblessness and that unemployment in both parts of Germany is now actually falling," says Mr Robert Leicht, editor of the liberal weekly paper Die Zeit.

It is true that the state of the labour market remains far from rosy. Average unemployment in west Germany is 7.9 per cent and in east Germany is 13.8 per cent. Most economists believe that unemployment will fall only slowly and could even rise again. They also point out that in many parts of eastern Germany real joblessness is often double the official rate once early retirement and state job creation are counted in.

Nevertheless, the Social Democratic party, which has placed most emphasis on unemployment, does not seem to have benefitted thereby. Mr Rudolf Scharping, the SPD leader, last week told a trade union conference in Hamburg that there would be 700,000 fewer unemployed if the training measures of three years ago were restored.

While the Christian Democrats place less stress on unemployment they are strongly promoting an increase in part-time work, which headed a recent poll on the best measures to reduce joblessness.

The CDU benefits from its image as the party of business, especially in east Germany where the ability to attract new investment is regarded as crucial.

In west Germany there is still usually a correlation between areas of high unemployment, such as Bremen, and voting for parties of the left. In east Germany, where the political landscape has not yet settled, that is not the case. Towns and regions are still shifting from right to left or vice versa, often depending on local personalities, and some of the areas of highest unemployment – in Saxony, for example – are strongly CDU.

The party of Democratic Socialism – the former east German communists – is the only one calling for a positive right to employment. But judging from a meeting last week in Cottbus, addressed by the former communist leader Mr Hans Modrow, its support is drawn from the senior bureaucrats of the old regime – many of whom have switched to running "businesses" funded by western grants – and not the eastern unemployed. Without any advertising, Mr Modrow attracted about 250 people to his meeting. Later the same evening in the main square in Cottbus, close to the Polish and Czech borders, Mr Oskar Lafontaine, deputy leader of the SPD and one of the best speakers in German politics, attracted only about 350.

Mr Lafontaine is not popular in east Germany. "I hate him, he's a champagne socialist who doesn't like easterners", said one worker in Sachsen Dorf, the depressed suburb of Cottbus. His speech dwelt mainly on how he had told the truth four years ago as SPD Chancellor candidate and how Chancellor Helmut Kohl had lied about the economics of unification.

When he did eventually turn to the issue of unemployment – which has been as high as 18 per cent in the Cottbus region – his audience seemed less not more interested. "Getting rid of the Russian troops was a bigger issue here," said one SPD official.

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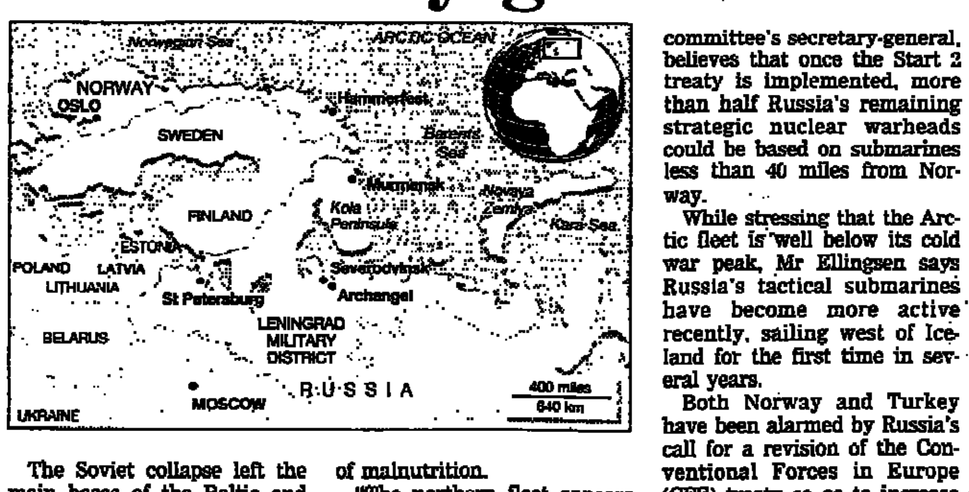
Russia's Arctic navy gives Norway a chill

By Bruce Clark, Defence Correspondent



Norway is quietly pressing its Nato partners not to neglect its security at a time when the strategic importance of Russian forces in the Arctic is increasing.

Oslo's fear of being left out in the cold has been fuelled by the growing preoccupation of Nato's south European members with the security threats posed by Islamic extremism in North Africa and conflict in the Balkans.

Norway's Atlantic Committee – a lobby group supported by the main political parties – has published a study arguing that Russia's northern fleet, based in the Arctic, is emerging as much the most important part of the former Soviet navy.

The Soviet collapse left the main bases of the Baltic and Black Sea fleets outside Russian territory, and the lamentable state of Russian ships in the Pacific was highlighted last year when several sailors died of malnutrition.

"The northern fleet appears more than ever before as the largest and most important of the former Soviet fleets," the study says.

Mr Ellmann Ellingsen, the committee's secretary-general, believes that once the Start 2 treaty is implemented, more than half Russia's remaining strategic nuclear warheads could be based on submarines less than 40 miles from Norway.

While stressing that the Arctic fleet is well below its cold war peak, Mr Ellingsen says Russia's tactical submarines have become more active recently, sailing west of Iceland for the first time in several years.

Both Norway and Turkey have been alarmed by Russia's call for a revision of the Conventional Forces in Europe (CFE) treaty so as to increase the amount of armour it is allowed to keep in the Leningrad and Transcaucasian military districts.

The Norwegian study says the number of attack helicopters and tactical aircraft in the Leningrad military district has increased since 1991, as forces are withdrawn from central Europe. However, the level of aerial activity remains low.

The study also expresses concern about the aircraft carrier Admiral Kuznetsov, which is apparently being prepared to carry sophisticated Su-27 fighters. If the carrier's role turns out to be defending the Russian Arctic, "this would mean a special challenge to the security of the neighbouring Nordic states".

"We fully accept that Russia needs to have defences," Mr Ellingsen said. "But we are worried that Norway will be very vulnerable to any change in the temperature between Washington and Moscow."

EUROPEAN NEWS DIGEST

Estline's Swedish partner quits

The future of Estline, the Estonian-Swedish shipping line which operated the doomed car ferry Estonia, was thrown into doubt last night when Nordström & Thulin, the Swedish half-owner of the company, announced it was pulling out of passenger shipping following last week's disaster. The decision is a further blow to the Estonian nation, already reeling from the catastrophe. The state owns the other 50 per cent of Estline through the Estonian Shipping Company.

Estline, which has a 10-year monopoly concession on the Stockholm-Tallinn route, played a prestigious and important role in the economic development of Estonia since the country won its independence from Moscow in 1991. Nordström & Thulin said it would seek a solution that allowed Estline to continue in operation, but did not make clear how this would be done. The Swedish company, which mainly operates tankers and bulk carriers, also apologised for its initial public reaction to the disaster, which claimed more than 900 lives, when it issued a brief statement saying it would not be financially hit because it had full insurance cover. *Hugh Carnegy, Stockholm.*

Reforms led to rise in deaths

Soaring death rates and worsening health in eastern and central Europe threaten social stability and the entire reform process, according to the United Nations Childrens' Fund (Unicef) in a report published yesterday. The fund estimates that, since the fall of communism in 1989, 800,000 more people in the region have died than if 1989 death rates had prevailed. "Such a death toll, mainly among males aged 30-55 and across so many countries, is without precedent in peacetime," it says.

It attributes the mortality crisis to the stress of changing to a market economy which has brought in its wake increased poverty, crime and breakdown of the social and institutional fabric. Of the nine countries surveyed in detail, Russia, Ukraine and south-eastern Europe were worst affected. In Russia, male life expectancy at birth has plunged 5.2 years since 1989 to just 59 years in 1993. However, the Czech Republic and Slovakia were largely untouched, while Poland by 1993 showed signs of returning to pre-transition mortality rates, the report notes. Unicef says most of the extra deaths were caused by heart problems, alcohol and food poisoning, accidents, homicides and suicides. *Frances Williams, Geneva.*

OECD lifts growth forecast

The OECD nudged up its forecasts for economic growth in the developed world yesterday to 3 per cent both next year and in 1996 but warned its member governments against a resurgence of inflation and widening budget deficits. In its last semi-annual Economic Outlook, published in June, the think-tank for rich nations forecast expansion of 2.9 per cent in 1995. It had also projected growth of 2.6 per cent for this year. but sources close to the forum said it was now counting on a slightly higher figure.

The OECD sees growth in the US slowing to a more sustainable rate following its brisk pace over the past couple of years. For Europe, the OECD now predicts growth of just over 2 per cent before a quickening to 3 per cent in 1995. In June its forecasts had been 1.9 per cent and 2.8 per cent, respectively. The International Monetary Fund last week projected global growth of 3 per cent this year and 3.5 per cent in 1995.

Finns set to vote to join EU

Finland is set to vote decisively in favour of joining the European Union in a referendum on October 16, according to two opinion polls published yesterday. One exit poll taken among voters who had already cast postal ballots showed 67.6 per cent backing EU membership. A second, conventional, opinion poll showed support for EU membership had risen 10 points to 48 per cent in two weeks, while opposition had slipped by three points to 28 per cent. The poll found most of the 24 per cent undecided leaning to the Yes side.

A decisive vote for membership in Finland would give a strong boost to the Yes campaigns in neighbouring Sweden and Norway which will hold similar referendums in November. Latest polls in Sweden show a narrow lead for the Yes side while in Norway, the polls continue to show a solid majority against membership. *Hugh Carnegy, Stockholm*

Azerbaijan premier sacked

President Giadar Aliyev of Azerbaijan yesterday sacked Mr Suret Huseinov as prime minister, threatening further political instability in the Caucasian state. No official reason was given but earlier in the week President Aliyev had accused Mr Huseinov of siding with opposition forces trying to incite a coup. Mr Huseinov vigorously denied the charge and declared his support for President Aliyev while standing uneasily by his side at a public meeting in Baku this week.

The Interfax newsagency reported that seven rebels had been killed this week when Azerbaijani government troops crushed an uprising in Gence, Azerbaijan's second city, which was also Mr Huseinov's power base. Last year Mr Huseinov, a wealthy businessman, successfully fomented an uprising against the then president and forged an unstable power-sharing deal with President Aliyev. Russia yesterday continued to deny it was in any way involved in the crisis, saying it regarded Azerbaijan as a friendly partner in the Commonwealth of Independent States. *John Thornhill, Moscow.*

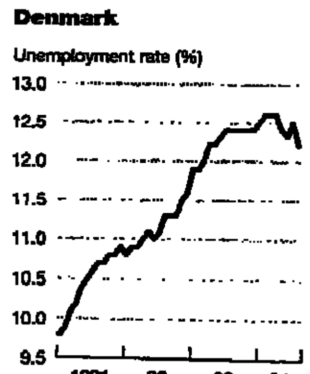
Bonn in aviation research offer

The German government yesterday approved DM600m (£245m) for civil aviation research but told industry that it would have to put up the same amount if the four-year programme is to go ahead. Mr Paul Krüger, technology minister, said the money would be spent on developing lighter materials for aircraft manufacture which in turn would lead to lower fuel consumption and less pollution. The new generation of aircraft would include a 600-800 seater jumbo jet and quieter helicopters. A new generation of engines using up to 25 per cent less fuel is also planned, Mr Krüger said.

Mr Krüger warned that the German aviation industry, grouped mainly around Deutsche Aerospace, the Daimler-Benz subsidiary, was still in the midst of massive restructuring. However, the aviation market worldwide was expected to grow sharply towards the end of the century, he said. *Michael Lindemann, Bonn.*

ECONOMIC WATCH

Danish unemployment falls



Source: Datastream

Denmark's unemployment rate in August fell to 12.2 per cent of the workforce compared with 12.5 per cent in July, according to figures released yesterday by Danmarks Statistik, the Danish national statistics agency. The figure was in line with market expectations which predicted a drop in unemployment levels on the back of a general improvement in the economy and the introduction of new government training schemes. Total Danish retail sales for July and August rose 4 per cent compared with a year earlier. Industrial production, meanwhile, was up 11 per cent in August on last year.

■ Unemployment in the European Union was unchanged at 10.7 per cent, or about 17.2m, in August compared with a year ago, the European Commission's statistical office Eurostat said yesterday. Spain had the highest unemployment rate: 21.8 per cent.

EU enlargement threat emerges

By David Gardner in Brussels

Plans to bring Austria, Sweden, Finland and Norway into the European Union in January could be dashed by a byzantine intra-EU struggle. The difficulty has emerged only days after the Union drew up a road map for the integration of six east and central European states.

The root cause of the squabble is Italy, where Mr Silvio Berlusconi's government has refused to ratify the EU budget increase planned for next year until its partners retroactively condone Italy's cheating on EU milk quotas.

The enlargement is affected because Spain will not ratify the EU expansion from 12 to 16 members unless the decision to raise the Union's revenue ceiling, reached by the December 1992 Edinburgh summit, is legally secure.

The Edinburgh decision provides the extra money for EU structural aid and "cohesion" spending in poorer member states, a main beneficiary of which is Spain. Unless all 12 parliaments ratify the extra money, Spain's endorsement of enlargement to the Union's north is "out of the question", said a Spanish official. He said the decision had all but been taken by Madrid. "This is a real problem," said an EU official after foreign ministers again failed to resolve the Italian milk wrangle in Luxembourg this week. Finance ministers will make another attempt on Monday.

There are growing fears in Brussels that the squabble could exacerbate anti-EU sentiment in Finland, Sweden and Norway – due to hold referendums on entry to the Union on October 16, November 13, and November 28 respectively – as well as more general north-south antipathy within Europe.

Any delay in EU ratification of the new entrants, moreover, could unravel the financial and agriculture deals the Twelve struck with them, according to a leading EU negotiator in this spring's enlargement talks.

Italy has been fighting the milk issue since it threatened to block the landmark reform of the common agricultural policy in May 1992. It backed down then but has brought the issue to successive EU summits.

Rome had agreed to cut its excess milk output in exchange for a quota increase amounting to a third of the illicit surplus. This spring, Brussels said Italy had not cut enough, but the incoming Berlusconi government then produced new figures claiming its output had been overestimated.

Germany, the UK, Netherlands and Denmark have resisted pressure to wipe out most of the fine on Italy's excess production. But these four states are also the greatest enthusiasts for enlargement. Spain's threat therefore increases the probability that a means will be found to buy Italy off.

Move may signal purge of officers sympathetic to former nationalist policies

Top Yugoslav military chiefs are dismissed

By James Whittington in Belgrade

Three senior officers in the Serb-controlled Yugoslav armed forces have been removed from their posts, in line with a general shift in Serbian policy towards a Bosnian peace settlement.

The head of the navy, Admiral Dojicilo Isakovic, and two commanders from the army, General Jevrem Cokic and General Bozidar Djokic, were officially retired, according to a military communique published in Belgrade yesterday. Observers said they believed the dismissals signalled the start of widespread changes aimed at removing officers most closely associated with Serbian President Slobodan Milosovic's former nationalist policies.

"Many officers in the army are unhappy with Milosovic's move against the Bosnian Serbs. We are now seeing him move against those who oppose the new policy and other nationalist figures who threaten to rock the boat," said one diplomat.

Last week the leader of the nationalist Serbian Radical party, Mr Vojislav Seselj, was arrested and jailed on charges of threatening members of the Yugoslav parliament. Mr Seselj, a leader of a Serbian paramilitary group, is believed to be one of those responsible for Serb atrocities in Bosnia and has openly criticised Mr Milosovic's break with the Bosnian Serbs.

The Serbian president cut links with his former protégés, the Bosnian Serbs, in early August to try to force them into accepting a peace plan. The rejection of the plan by Mr Radovan Karadzic, the Bosnian Serb leader, was a blow to Mr Milosovic who is facing increasing economic problems in Serbia and Montenegro and needs a peace settlement.

Since the rebuff, coverage of the war in Bosnia has virtually disappeared from the government-controlled media. Officials who used to talk of standing firm alongside the Serbs in Bosnia and Croatia now promote their peace policy.

The dismissal of three generals comes against a backdrop of dissatisfaction in the armed forces over pay and conditions. Earlier this week there were reports that the Yugoslav army's chief of staff, Gen Momcilo Perisic, had threatened to resign over a planned 30 per cent increase in army salaries. Wages and living standards for the armed forces have dropped sharply since the break-up of Yugoslavia and morale is low.

There is also jealousy of the police force, whose power and prestige have been built up by Mr Milosovic since the war in Yugoslavia began in 1991. The number of police officers is estimated to have more than doubled to 110,000 – compared with about 125,000 personnel in the army – since Mr Milosovic came to power.

Bosnian Serb and Moslem troops completed an exchange of prisoners of war in Sarajevo yesterday after nearly a year of negotiations, writes James Whittington. The prisoner swap – involving 129 Serbs and 166 Moslems – took place at the Brotherhood Unit Bridge in the beseiged capital early in the morning. Mr Yasushi Akashi, UN envoy, said he hoped the swap would help ease other problems between the warring sides. He also announced the reopening of Sarajevo airport following talks with the Bosnian Serb leadership on Wednesday. The airport was closed by Serbs on September 22.

A man released in a Bosnian prisoner-of-war swap yesterday is greeted by his brothers *Reuter*

Austria's coalition under electoral siege

The socialist and conservative hold on power is beginning to weaken, writes **Ian Rodger**

A big upheaval is in the making in Austrian politics, as an increasingly fractious "grand coalition" of Social Democrats and conservatives begins to tear apart.

The rupture will probably not be set off immediately by this Sunday's national elections. The coalition that has ruled the country since 1986 will almost certainly carry on in the short term, if only to guide Austria smoothly into the European Union at the start of next year. But it could break up well before the next scheduled election in 1998, clearing the way for a political and economic overhaul.

The socialists and conservatives have managed, in a cozy partnership, virtually every aspect of economic and social life in Austria since the second world war. Together they set up carefully balanced power structures for employers, workers and farmers and staffed the nationalised industries and financial institutions with their supporters.

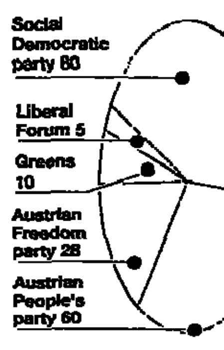
As long as the two parties had the support of most Austrians and as long as competence was not too important a factor in filling key positions, this so-called *Proporz* system could thrive. But as a privatisation programme gathers pace and the country opens itself to EU competition rules, it no longer works.

Early this week, for example, only 30 per cent of workers bothered to vote in elections to their *Arbeiterkammer*, a counter lobby to the employers' Chamber of Commerce. Most workers know their chamber has less influence on their lives and careers than Brussels bureaucrats.

In Sunday's election the Social Democratic party (SPO) and the conservative Austrian People's party (OVP), which between them polled more than 80 per cent of the votes in 1986, will be lucky to collect two-thirds.

Austria

Last parliament (total 183 seats)



The legitimacy of reserving government and government-controlled jobs for supporters would thus be brought increasingly into question.

This is the kind of environment in which new and fringe political movements grow, and Austria is no exception.

So far none constitutes a serious threat to the two old parties, but the Austrian Freedom party (FPO), under the leadership of Mr Jörg Haider, a charismatic right-winger, could change that on Sunday.

Mr Haider took control of the FPO, a flagging party with a mixed liberal and Nazi heritage, in 1986, purged its leaders and turned it into a rowdy protest movement against the self-serving socialist-conservative partnership. Now every time a party supporter gets a high-paying sinecure, Mr Haider brays about "rotten" patronage.

When the iron curtain fell in 1989 he began appealing to Austrians' fears of being overrun by asylum seekers and other immigrants. He maintains that foreigners are taking over Austrians' jobs and benefiting excessively from government welfare payments, while crime rates are soaring and the quality of education is declining.

With these themes and his opposition to European integration, Mr Haider has more than doubled the FPO's support to 22 per cent, not far below the OVP's 28 per cent, according to opinion polls. Normally this would make the party an alternative coalition partner for one of the two main parties. But Mr Haider's rhetoric, which often appeals to xenophobic and racist sentiments, has made him a pariah.

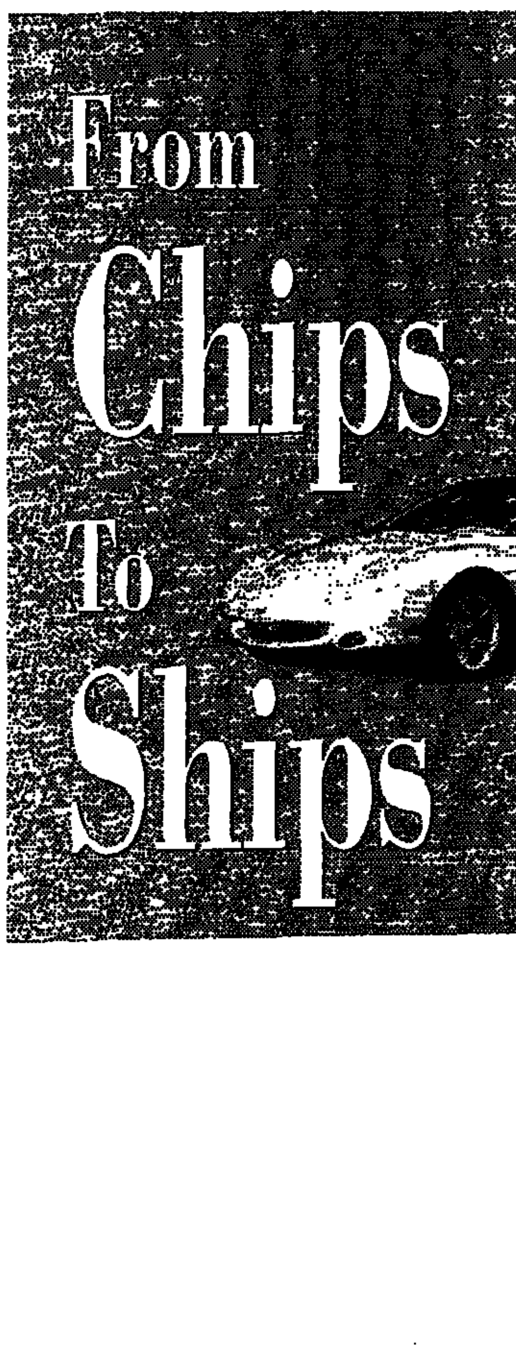
"Haider's FPO is no alternative for us – which I regret," Mr Erhard Busek, leader of the conservative OVP, said on Wednesday.

However, such is the frustration within the OVP with being the junior partner in the governing coalition that another of its leaders, foreign minister Alois Mock, said last week that the party should rethink its stance on Mr Haider. "It certainly would do democracy in this country no harm if the socialists went into opposition for a few years," Mr Mock said in a magazine interview.

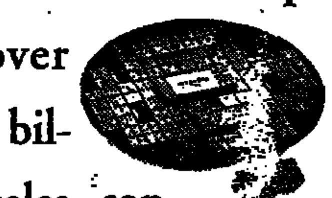
The socialists have been more successful than the OVP in preventing erosion of their support, mainly because of the popularity of Mr Franz Vranitzky, their moderate and competent leader. But they too have struggled in the current campaign, hurt by losses to Mr Haider in a provincial election two weeks ago, revelations of huge salaries being paid to leaders of the Chamber of Labour and an insensitive remark from Mr Vranitzky's wife criticising mothers who left their children to work.

Meanwhile, on the left, the Greens have gone some way to transforming themselves and their leader, Ms Madeleine Petrovic, into a responsible force. Their standing in the polls has risen from 4.8 per cent in 1990 to 8 per cent.

And the Liberal Forum, formed last year by defectors from Mr Haider's party and led by Ms Heide Schmidt, is hoping to break through the 4 per cent barrier needed to win a share of the 183 parliamentary seats.



Hyundai Business Group, with over US$ 58 billion in sales, continues to grow in a wide spectrum of business areas.



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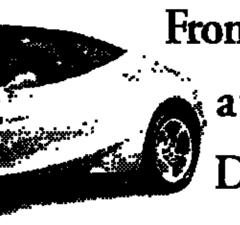

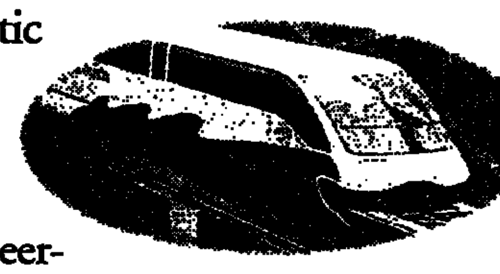

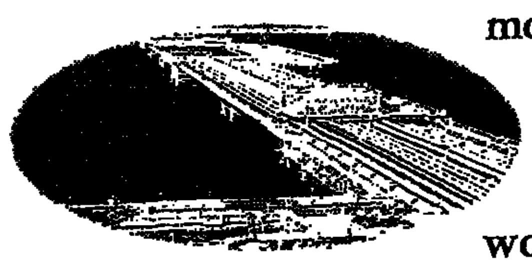

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Turning point may be near in Korean N-talks

By Frances Williams in Geneva

The possibility that Mr Kim Jong-il, son of the late President Kim Il-sung, will be named North Korean president and head of the ruling party next week after the 100-day mourning for his father may remove uncertainty over the extent of the new leader's control in Pyongyang.

Statements by North Korean officials referring to Mr Kim as the "supreme leader" led diplomats to believe a turning point may soon be reached in nuclear talks between the US and North Korea, which resumed at high level in Geneva on Wednesday after a five-day break.

"With no one in confident overall command, it is most unlikely North Korean officials would take responsibility for reaching agreement," said a western diplomat. "To have a properly appointed leader must be a step forward."

Diplomats expressed caution over Mr Kim's influence on the talks, saying it was impossible to predict whether he would take the same hard line as his father or a more conciliatory one. Negotiations centre on an international aid package to switch North Korea's nuclear programme from graphite-moderated reactors to safer light-water versions.

In a preliminary accord reached on August 12, Pyongyang agreed to freeze its nuclear programme in return for light-water technology and diplomatic ties with Washington. But, in talks since then, North Korean officials have put up a series of new demands which Washington calls unacceptable.

The talks have been consistently described as "serious and businesslike" by both sides, but many observers fear North Korea is simply seeking to gain time to pursue its nuclear ambitions and stave off economic sanctions.

Reports from Washington say the Clinton administration has decided not to give ground to Pyongyang but to maintain its August offer and hope this will eventually be accepted. With American forces engaged in Haiti and mid-term elections next month, the US has no interest in precipitating a confrontation.

AlThough North Korea denies a nuclear weapons programme, it continues to refuse access to two suspected nuclear waste sites at the Yongbyon nuclear complex. The International Atomic Energy Agency believes inspection of these sites could provide clues to what has happened to plutonium missing from an experimental 5MW nuclear reactor.

In last week's Geneva talks Mr Kang Sok-ju, North Korea's first deputy foreign minister, apparently rejected even a rough timetable for such inspections which the US insists must be part of any final deal.

Other unresolved issues concern the roughly 8,000 spent reactor-fuel rods in a holding pond at Yongbyon which the US wants shipped out of the country, and North Korea's demands for cash compensation for ending its graphite-moderated reactor programme.

India puts priority on power supply boost

Without it, ministers see their hopes of economic growth as doomed, **Stefan Wagstyl** reports

The electricity situation "is rather grim and the prospects are also rather grim," says Mr N K P Salve, India's power minister, talking about the country's power shortages. Right on cue, the lights and the air-conditioning in his ministry go off and do not come on again for the next half hour.

Mr Salve puts a brave face on his discomfort in the sweltering heat, saying: "If there is load-shedding it should be first in the ministry".

Better power management has so far this year spared Delhi the extended breakdowns it suffered in 1993 but sporadic cuts are just as frequent, even in the power minister's office.

The only remedy is a sustained expansion of generating and transmission capacity, combined with more efficient use of the existing network.

"We must carry on with the struggle not only to increase capacity but improve transmission and distribution," says Mr Salve, mopping the sweat from his brow.

From the outset, Mr P V Narasimha Rao's government has put a high priority on improving power supplies.

Ministers recognise that without electricity, hopes of promoting economic growth through liberalisation are doomed. Because of the squeeze on public spending, the government has welcomed private investment into the state-dominated industry.

However, since power plants take years to plan and build, privately-funded plants are unlikely to make a significant contribution until the next century.

Mr Salve says government planners in the early 1990s estimated that India would need to boost its generating capacity of 70,000MW by 48,000MW in 1992-97 to meet expected demand increases.

Because of financial constraints, the target for the five years was cut to 30,500MW. Mr Salve says the total increase will now be less than 20,000MW, including 3,000MW of privately-owned extra capacity.

Shortages in early 1997 will be about 14-15 per cent of normal requirements and 28-30 per cent of peak demand, about the same level as today, says Mr Salve. "That's why I say the prospects are grim."

Mr Salve spends much of his time promoting private investment in the industry as the only way to secure the long-term future. His officials say binding contracts for the first four new private-sector schemes could be signed in the next few months.

Potential investors, including foreign investors, say this is optimistic, given the hurdles they face. Partly the problems are due to bureaucratic barriers and partly to the fact that private-sector power projects are new in the developing world, so there are few precedents.

Mr Salve says that despite liberalisation, investors still require 15-17 separate clearances. Also, responsibility for power is shared between Delhi and India's constituent states, some of which are slow to welcome private investors, he says.

But, pointing out that 75 schemes have attracted interest from private investors, including foreign groups, Mr Salve adds: "If companies are responding, it's because they find the Indian atmosphere congenial".

If increasing generating capacity is hard work, improving the efficiency of the transmission and distribution system is even more difficult, mainly because distribution is in the hands of the states.

Mr Salve says state politicians have forced state electricity boards to operate "imprudently", distributing free or low-cost power to farmers and other favoured consumers.

"This very pernicious system" has landed the electricity boards with mounting losses: Rs50bn (£1.03bn) in the year to March 1994, up from Rs34bn three years ago, before economic reforms began.

But there is some progress. Late last year, state power ministers finally agreed to charge farmers a minimum of Rs0.50 a unit for electricity. This is still far below cost but establishes the principle that consumers pay. Mr Salve says 17 of the 26 state electricity boards have introduced the new charge.

States which have yet to reform include Uttar Pradesh, the most populous, and Punjab, the largest agricultural producer.

The position is so poor that the World Bank, the biggest foreign source of finance for Indian power, has this year withheld $750m (£500m) in planned loans because of the slowness in reforming electricity boards.

Another of Mr Salve's headaches is that state electricity boards buy much of their power from the centrally-run National Thermal Power Corporation but consistently fail to pay their dues.

The arrears, totalling Rs30bn, have become so alarming that Delhi took extreme action to recover some of the money – by taking it out of the grants paid by the government to state administrations.

It was the third time Delhi has had to pre-empt funds since 1991. Mr Salve says: "I hope it's the last time. We must accelerate the spread of economic reform into the states."

FINANCIAL PERFORMANCE OF THE STATE ELECTRICITY BOARDS, 1991-95 (Rs bn)

	1991-92	1992-93	1993-94	1994-95
Gross Subsidy on Sales	74	92	107	126
to agriculture	59	74	83	96
to domestic consumers	13	16	21	27
inter-state	2	2	2	3
Subventions received from state governments	20	19	21	21
Surplus generaged by °sales to other sectors	22	26	37	44
Uncovered subsidies	-	47	49	61
Memo Item				
Gross subsidy on sales (percentage of GDP)	1.2	1.3	1.31	1.4

Note: Subsidies are defined as the difference between tariffs that would enable the SEBs to cover their variable costs and tariffs actually charged. It thus does not include capital subsidies. Values for 1994-95 are projected. Source: Ministry of Finance, Economic Survey, 1994-94.

Taiwan opposition deputies gag the deputy speaker (third right) in protest at the government's attempt to revise electoral laws Reuter

A new assertive approach to foreign relations is emerging

Taipei puts its mouth where pleas and money used to be

Taiwan is beginning to stand up for itself, writes **Laura Tyson**

At the opening ceremony of the Asian Games in Hiroshima this week, Taiwan got the biggest ovation from the crowd as its delegation walked into the arena.

It was a signal of a changing diplomatic game being played by the Taipei government.

Taiwan, which was once content to plead its case for greater international recognition merely through quiet lobbying, chequebook diplomacy and full-page advertisements in international publications, was reaping some of the first fruits of a quite different approach.

The humble, discreet, behind-the-scenes approach long used for fear of arousing the wrath of China and causing offence to other governments, appears now to be taking second place to a more assertive, even aggressive approach to foreign relations.

The island is fighting to emerge from the shadow of diplomatic isolation cast over it since 1971, when the United Nations switched recognition from Taipei to Beijing.

President Lee Teng-hui in 1993 announced a seemingly quixotic bid to return to the UN with the words "Hope is more important than reality, for without hope, how can one expect to achieve reality?"

China vehemently opposes Taiwanese membership, and as a permanent member of the UN's security council was able to block efforts last month and in the autumn of 1993 by Taiwan's friends to have the matter brought before the UN general assembly.

China regards Taiwan as a renegade province, and forces governments to choose between Taipei and Beijing for their diplomatic relations.

Just 29 countries now recognise Taiwan, and it is debatable how long the biggest of those, South Africa, will hold out against Beijing's advances now that it is no longer the pariah state it was under apartheid.

Governments that do not have formal ties with Taiwan are attempting to gauge what sort of entity Taiwan will be a few years hence and how their policies should reflect expected changes.

The new (unstated) policy first materialised in May, when the US government, under pressure from China, refused to allow Taiwan's president, Lee Teng-hui, stay overnight in Hawaii en route to central America. Taiwan gained a lot of sympathy and publicity in the US as it sought to portray Washington as Beijing's lapdog.

Then Taiwan used a dispute with Beijing over whether a Taiwanese official should be allowed to attend the Asian Games to stir debate in Japan.

The incident worked to great effect as China co-operatively kicked up a fuss at every opportunity, real or imagined. Especially galling to Beijing was when Taiwan's deputy premier, Mr Hsu Li-teh, exchanged name-cards with Japan's education minister.

Then there was that ovation at the opening ceremony.

On Monday Taiwan plans to wave its red national flag in front of the Chinese bull with a gala Taiwanese national day celebration in Hong Kong's cultural centre.

Observers are wondering what sort of international spectacle may emerge at the Asia Pacific Economic Co-operation forum to be held in Jakarta in November.

"This is part of Taiwan's two-pronged strategy," said a Taipei-based western observer. "First, the government is trying to stir up public sympathy in countries with strong legislative support for Taiwan. Second, they've discovered that it is quite easy to provoke outrage from Beijing, and the more Beijing bullies Taiwan, the stupider the Chinese look." Taiwan comes off looking reasonable, even gracious, in contrast.

Perhaps policy-makers decided that the old diplomatic methods were not achieving the desired result, so there was nothing to be lost by trying a new approach.

The new confrontational Taiwan has foreign governments bemused, but on guard, fearing they may be targetted next.

But hardliners in Taiwan warn that openly provoking Beijing could lead to a military attack. China has not ruled out using force to stop Taiwan from declaring independence.

Supporters of independence dismiss such warnings as scaremongering. They believe that China would not dare attack Taiwan, and if it did, the US would rush to Taiwan's defence despite the absence of such a treaty.

While it is evident that no government will risk forfeiting access to China's vast potential market to further Taiwan's diplomatic ambitions, it is equally evident that Taiwan's current status is not tenable indefinitely.

Sympathy for Taiwan is growing in the US Congress, the Japanese Diet (parliament) and in the legislatures of other western countries. Already lawmakers are pressing their governments to grant Taiwan better treatment.

Rabbi accused of being anti-Arab mastermind

By a Correspondent in Jerusalem

A West Bank settler rabbi was yesterday accused of being the mastermind of an alleged violent anti-Arab underground movement based in the Hebron area, and charged with publishing racist material, conspiracy to purchase weapons, and other crimes.

Rabbi Ido Elba, who lives in Kiryat Arba, the Jewish settlement overlooking Hebron where Baruch Goldstein, perpetrator of February's Hebron mosque massacre, also was a resident, is the fourth member of the alleged underground to be charged. His lawyer, Mr Naftali Wurzburger, said the rabbi made no secret of his views on killing Arabs "if it spares your own people," but argued that merely to hold those views was no crime.

On Wednesday, two other Kiryat Arba residents, brothers Eitan and Yehoyada Kahalani, were charged with attempted murder.

More than a dozen people, most of them from Kiryat Arba, have been arrested in connection with the alleged underground movement over the past month. The members of the network may have been responsible for four murders of Arabs in the past year, and may have been planning an attack on the PLO's orient house headquarters in Jerusalem.

However, more than half of those originally detained have been released. In addition, settler leaders have been charging that no extremist Jewish underground really exists. They claim the government has deliberately used agents of the *Shin Bet* security services to target right-wing settler groups which oppose its peace policies.

With the Cave of the Patriarchs, where Goldstein gunned down 29 Palestinians at prayer, scheduled to finally reopen later this month, the government is keen to minimise the threat from settler extremists.

Earlier this week, 18 settlers were issued with orders banning them from visiting the Hebron shrine.

Fresh setback for Indonesian press

By Manuela Saragosa in Jakarta

Attempts to invigorate Indonesia's battered media received another setback yesterday when the government threatened to ban a relaunched weekly tabloid, which had been forced to close in June.

The official state-backed journalists' association, the PWI, withdrew its support for the editor of Simponi, a reorganised version of DeTik launched on Monday. Journalists say the association is acting on instructions from the ministry of information and the move "lays the ground for an eventual ban".

According to the many rules laid down by the ministry of information, a publication's editors and journalists must be endorsed by the PWI to obtain a publishing licence. Critics say the ministry is simply looking for a technical excuse to close down Simponi, arguing that almost all publications in Indonesia hire employees not members of the journalists' association.

Mr Subrata, director-general of press and graphics at the department of information, was not available and other officials declined to comment.

Simponi went on sale on Tuesday with an initial print run of 150,000 copies, featuring a cover story on the role of former President Sukarno in the 1965 coup d'état. The tabloid's staff is made up of some 60 former DeTik journalists, banned in June with two other leading publications, Tempo and Editor, in what amounted to the most severe media crackdown in years.

The ink had barely dried on the Native Title act when problems started surfacing, writes **Nikki Tait**

Aborigines turn to land fund for redress

An Aborigine protests in Sydney over the Native Title act

Less than a year since Australia made a kind of peace with its indigenous population, the question of Aboriginal rights threatens to become politically contentious again.

In December last year, the federal parliament passed a law allowing Aborigines and Torres Strait islanders to assert native title claims over the country's large land mass. If claims were valid and land had since been put to other uses, compensation would be paid. This was the first formal acknowledgment – other than a 1992 High Court ruling – that the country was inhabited before European settlement.

But, with the implementation of that package caught in a tussle between federal and state authorities, the focus is turning to a A$1.5bn (£700m) land fund, designed to help those indigenous people who have little chance of benefiting from the Native Title act itself.

In theory, the land fund is a good idea. The problem with last December's law was that it required an indigenous community to demonstrate a "close and continuing" association with the land it was claiming. Many Aborigines, however, have moved from their original homelands.

To some extent, this drift has been voluntary. But it has also been due in part to the behaviour of white settlers. Aboriginal leaders estimate that no more than 10 per cent of their people have any chance of benefiting directly from the new law.

So, in the lengthy negotiations leading up to Native Title Act's passage, they wrung a promise from the government that a fund would be set up to acquire land on behalf of the remaining 90 per cent – a concession some saw as of more practical significance than the main legislation. The government published details earlier this year, and the necessary legislation is working its way through parliament in Canberra.

The problem is that interested parties on all sides have reservations about the scheme's design. Some Aboriginal representatives say the fund is too small to be viable, and that the administrative framework is offensively paternalistic.

Opposition politicians, by contrast, have argued the money could be better spent on Aborginal health and housing. They have offered a raft of amendments, saying they will only support the legislation if these are accepted. It took the government only hours to reject this proposition.

But perhaps the most critical views, from a political standpoint, are those of the minor parties who hold the balance of power in the senate, parliament's upper house, through which any legislation must pass. Already, the two Green party senators, who hail from Western Australia and hence have an important Aboriginal constituency, have expressed serious concerns about the fund's parameters.

"The question is whether this becomes yet another Native Title debate," said one official at the Aboriginal and Torres Strait Islanders Commission (ATSIC), which represents Aboriginal interests. He was referring to the mammoth parliamentary effort which was needed to ensure the original bill's passage. "The Greens are playing the same role – trying to extract more [from the federal government]," he added.

The objectors have a point. The fund is less generous than it originally appeared. The A$1.5bn figure mentioned in the last budget is made up of a A$200m contribution from federal coffers in 1994/5, and A$121m a year for the next nine years.

The bulk of this money, moreover, will be invested to ensure the fund is self-sustaining after the first decade. Only A$45m out of each annual payment will go to acquire land, or to fund land management. Moreover, funds ATSIC already devotes to this purpose from its own budget – A$21m a year – will be incorporated in the A$45m figure.

ATSIC has taken the view that any increase is better than none, and that, having done its best in negotiations, it will support the bill as it stands. But it is not overjoyed. As David Ross, ATSIC commissioner, has put it: "I think the fund is adequate ... I am certainly not saying that it is over-generous."

Other Aboriginal representatives are more critical. Mr Aden Ridgeway, director of the New South Wales Aboriginal Land Council, who represents the interests of indigenous people in that state, has pointed out that the annual funding works out at A$5.5m per state or territory, and that this low level will force the land fund to spread its money around second-grade properties.

"You will not get really viable land when you do not have much money to spend," he warned. "You will end up with land in the low rainfall area which obviously will not be productive and viable."

Equally thorny are the questions of how land purchases will be organised and prioritised. The legislation is thin on operational details, but it does provide for the formation of a new body, the Indigenous Land Corporation, to handle purchases and management. After some compromise, the ILC's prospective board has been extended to seven, and the chairperson plus at least four other directors must be Aborigines or Torres Strait Islanders.

Even so, the fact that these appointments are to be made by a federal minister and that the federal finance minister has ultimate power over the land fund's investment touches a nerve. It smacks, in some eyes, of condescension, even racism.

Moreover, in the first three years, the A$45m will be divided between ATSIC and the ILC, with the latter taking on full responsibility after this interim period. Sorting out how these bodies weigh up the mass of applications which will almost certainly be presented,and perform complementary investment roles, is no easy task. As one ATSIC adminstrator points out, it is not a question of maximising financial returns. Outback land of spiritual significance, for example, might have to be weighed against the desire of an urban group to build a local community centre.

There is a fair amount of goodwill surrounding the land fund discussions. There is also considerable reluctance to repeat the trauma of the main legislation. Nevertheless, as Australia found last year, the road to reconciliation is long and bumpy.

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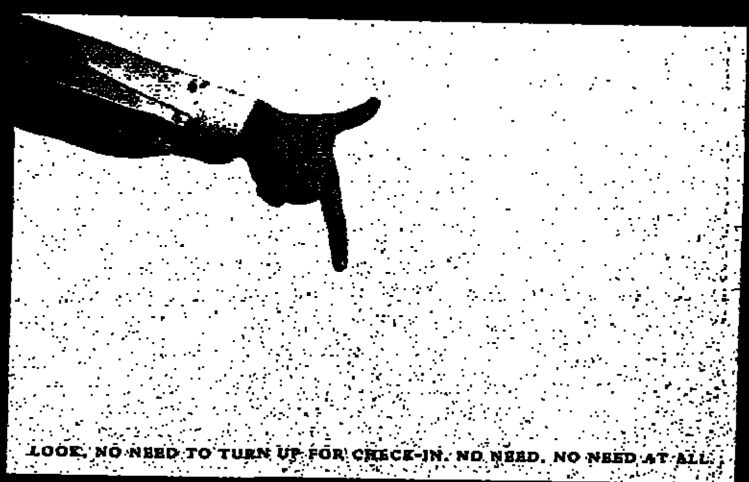

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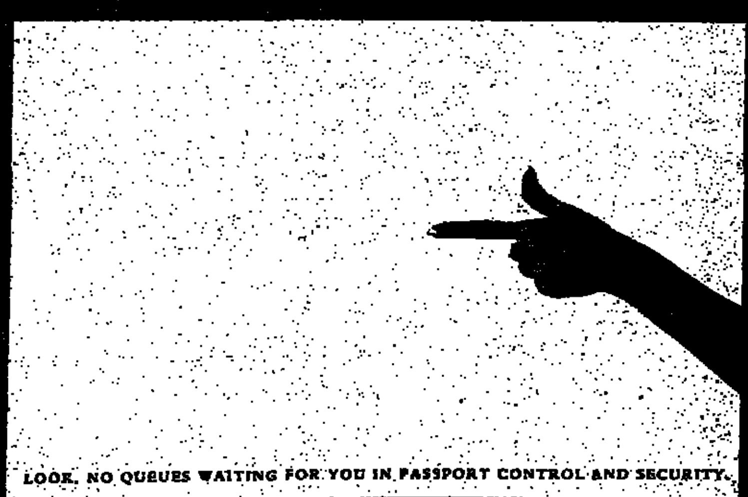

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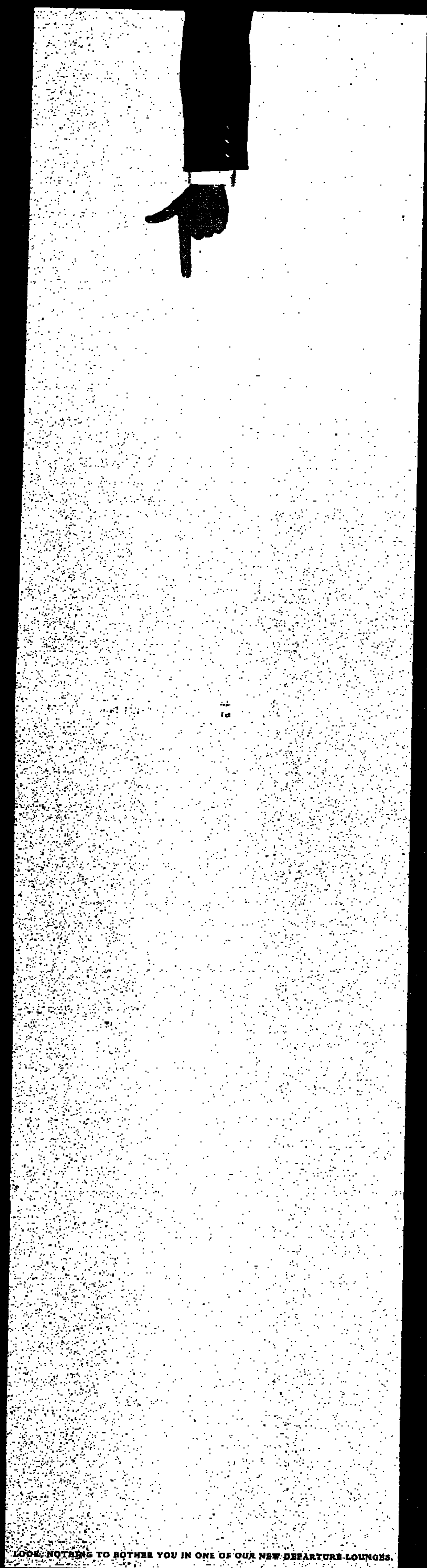

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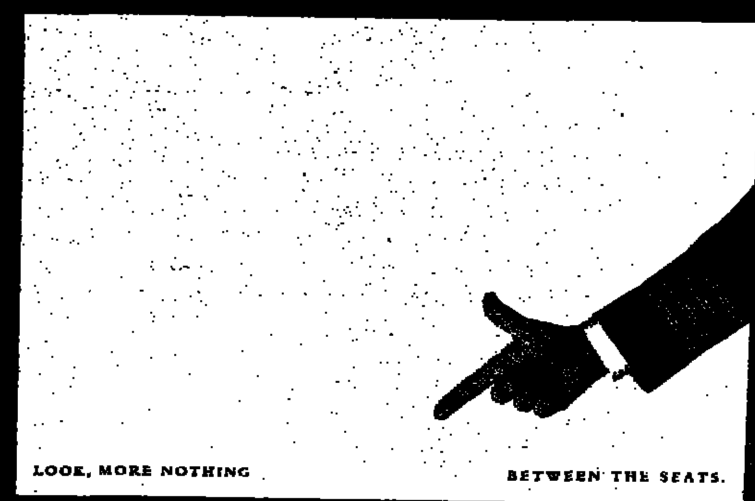

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Camdessus stands ground over SDR

Mr Michel Camdessus, managing director of the International Monetary Fund, yesterday expressed confidence that there would soon be agreement on the vexed issue of a distribution of special drawing rights – the Fund's reserve asset – to its members, writes **Peter Norman, Economics Editor, in Madrid.**

But at a press conference marking the end of this year's IMF and World Bank annual meetings, Mr Camdessus appeared to cast doubt on a resolution of the issue by making clear he was sticking by his own proposal for the issue of SDR36bn (£33.55bn).

This proposal, which was rejected by the Group of Seven leading industrial countries at a difficult meeting of the IMF's policy-making interim committee on Sunday, is at the higher end of suggestions for the allocation of the IMF's own reserve assets to boost world monetary reserves.

Yesterday's press conference was striking for the passion that the SDR issue generated in Mr Camdessus. He misheard or misunderstood questions about the global economy and financial markets, giving answers that related to the SDR allocation instead.

The managing director's continued zeal for the SDR contrasted with the approach of many industrial country governments in recent days. Following the interim committee, they made a determined effort to ring-fence the stand-off over the SDR allocation, in an attempt to convey the message that the world economy is now in a better state than in many years and has a good chance of achieving sustained non-inflationary growth.

Mr Camdessus said there was "a reasonable hope and probably a little bit more than that" for early agreement on a package comprising an SDR allocation and a strengthening of the systemic transformation facility (STF) which the IMF uses to support former communist countries developing market-based economies.

"I am confident that in the coming weeks we will have an agreement on this package," he said.

He said work had been progressing "in the corridors" since Sunday's interim committee failed to agree the SDR allocation and SFT strengthening. He claimed the differences among the IMF members were "not that big".

According to Mr Camdessus, all governments recognised that:

■ There should be an SDR allocation.

■ The STF, which is due to expire at the end of 1994, should be extended beyond the end of this year.

■ A solution to the SDR problem must be found that conforms with the Fund's articles and that the SDR's role in the international monetary system must be preserved.

He admitted there were differences about the size and structure of the allocation. But he believed it was possible the IMF's 179 members could reach agreement on the issue inside the Fund's executive board and before the next interim committee meeting in April.

Mr Camdessus acknowledged that no one, including the IMF management, could be certain their proposals would be supported by all the membership. But he saw no reason to withdraw his own plan.

He showed no sign of moving towards other proposals for a smaller SDR allocation, such as the SDR16bn one-off special allocation backed by the Group of Seven leading industrial countries or suggestions from other countries for issues of SDR22bn and SDR30bn.

Indeed, Mr Camdessus insisted his SDR36bn plan was essential to restore the place of the SDR in global reserves to the average of the past 20 years. He insisted his plan would have no inflationary consequences for the world economy.

Michel Camdessus: determined not to change his mind Tony Kirk

The west embraces Islamic banking

Roula Khalaf on a growing role for western banks in sector where interest is shunned

Islamic banks have been springing up all over the Middle East in the past decade, quietly collecting deposits from Moslems who like to consult the Koran before deciding where to put their money.

So why is the Gulf buzzing with talk of the imminent arrival of a new Islamic bank in Bahrain?

Because the bank is Citibank, which has confirmed plans to open the first full-fledged western Islamic bank next year and subscribe to the Koran's prohibition on dealing in interest.

Often dismissed by the west as a fad riding on the back of Islamic fundamentalism, Islamic banking was judged by western bankers as a phenomenon confined to Islamic regions. With Citibank now in the game, the estimated $50bn industry may at last start to integrate with the world financial system.

Citibank is already an expert in Islamic finance. It is among the handful of western banks that have been availing themselves of cheap Islamic deposits for more than a decade. When the banks were born in the early 1980s, depositors were happy to leave their mountains of savings in current accounts.

But the banks had to invest this liquidity in conservative and short-term instruments while at the same time circumventing interest. Lacking contacts and experience, Islamic bankers turned to western institutions such as Citibank to find homes for their money.

It went mostly into commodity trades and trade finance deals, where, in return for a fee, Citibank, for example, arranged for a trader to buy goods on Islamic banks' behalf and resell them at a mark-up.

More and more western banks went hunting for Islamic money, and an estimated 10 per cent is now channelled through western banks, mainly Citibank, Kleinwort Benson, ANZ Grindlays and Goldman Sachs.

At the same time, spurred by the swelling of deposits at Islamic banks – Islamic funds of this kind, mostly spread through the Middle East and south-east Asia, are estimated to be growing by 10 to 15 per cent a year – commercial banks in the Gulf have opened their own "Islamic windows" to attract religious clients, widening depositors' choices.

Saudi Arabia, for example, has resisted granting licences to Islamic institutions lest this highlight the fact that the Kingdom's banks deal in interest. The only Islamic bank with a licence to operate is Al Rajhi Banking & Investment, which for years had a monopoly on Islamic money and now boasts $6bn in deposits. But all other Saudi banks today offer clients Islamic products, such as commodity or trade finance funds.

Depositors have become more demanding. Instead of gladly leaving all their savings in current accounts, they have asked to share in the bank's profits. While interest is shunned in the Koran, profit is permitted. This has forced banks to enhance their yields, in turn squeezing the margins provided to western banks.

But Islamic banks have a problem: while they continue to have plenty of liquidity, they suffer from a dearth of lucrative products that can pass muster with their religious boards which clear every transaction. Thus they will continue to seek the product innovations western banks can offer.

"What we provide is access to markets and structuring capabilities," explains Mr Richard Duncan, director of Islamic finance at ANZ International Merchant Banking. "We bring our expertise in the Far East to our relationships in the Gulf."

With the help of banks such as the ANZ, Gulf Islamic banks have in the last two years managed to branch out of trade finance and into longer term and more profitable asset-based transactions. Leasing is at the top of acceptable Islamic products – Islamic banks can buy the equipment and sell it in instalments. Three years ago, a tiny 0.4 per cent of Al Rajhi's assets were invested over five years, compared with 10 per cent in 1993.

ANZ last year arranged for Al Rajhi to lend $92m in bridge finance to Pakistan's $1.9bn Hub Power project, one of the largest privately-owned power projects implemented on a build-own-operate basis in the developing world. Al Rajhi bought equipment on Hub Power's behalf and resold it on a deferred payment basis.

ANZ also tapped Islamic money recently to arrange a $300m three-year finance of raw material purchases for a New Zealand company. Since 1989, ANZ has arranged for 10 deals each worth $100m, says Mr Duncan.

Islamic institutions are slowly acquiring expertise of their own, by recruiting western trained professionals and offering them handsome pay packages. The most vibrant of newcomers is Kuwait's The International Investor, an Islamic merchant bank set up in 1992 with Saudi and Kuwaiti institutional shareholdings.

TII, which has $900m under management, will be looking to OECD-country banks to source deals in the west and the Far East but it can do without them in the Middle East. Last year, TII raised $450m in Islamic money to finance leases for seven Kuwait Airways aircraft. The bank is now helping Merrill Group of the US raise $50m to build a wind power generation plant in Egypt. It is also acting as adviser and lead banker for the US's Wing Group which, according to Mr Adnan Al Bahar, Chairman of TII, aims to raise $1bn to build a power generation plant in Kuwait.

Faced with increased competition for Islamic money, but secure in the knowledge that there is plenty more to tap, Citibank, say Islamic bankers, is hoping to gain an edge by going directly to the depositors.

It is unlikely that small religious depositors will flock to the doors of a western bank, however Islamic it claims to be. Perhaps with this in mind, Citibank says it will target private individuals and institutions who want to follow the Koran's teachings but are, at the same time, interested in making some money.

Though returns offered by Islamic institutions have improved in recent years, they often remain below those offered by commercial counterparts. Kuwait Finance House, which claims a 15 per cent share of all deposits in Kuwait, has been paying a 5.6 per cent return this year on deposits of more than 30 days compared with commercial Kuwaiti banks' more attractive 7 per cent rate, according to Cyprus-based Capital Intelligence, a research group. (Though quoted as an interest rate, Kuwait Finance House's 5.6% rate is based on profit sharing).

The growth of Islamic finance, however, also requires the establishment of Islamic capital markets, where long-term assets on banks' books are turned into tradeable securities and where banks can find daily liquidity. Malaysia has made strides towards this goal. The government has promoted the establishment of Islamic banks alongside commercial ones and has set up an Islamic interbank market.

It is unlikely that a similar experiment will be undertaken in the Gulf, where banks are spread across borders and a product deemed Islamic by one bank is heresy for another. As one expert in Islamic banking put it, "The problem is that there is no standard interpretation of the sharia [Islamic law]. How can you have a market if not everybody agrees which products are Islamic."

Iraq monitoring starts in few days

By Mark Nicholson in Cairo

Monitoring systems and equipment for the long-term surveillance of Iraq's weapons industry are "provisionally operational" and the UN monitoring programme will begin in a few days, Mr Rolf Ekeus, UN special envoy, said in Baghdad yesterday.

Mr Ekeus' findings will be put formally to the UN Security Council on Monday. His report is likely to prompt debate and probable division among Security Council members over whether to give Iraq a definite timetable for a "probationary" test of the system, at the end of which the Council would consider easing the four-year-old oil embargo.

Iraqi officials warned after Mr Ekeus' departure that unless the Security Council meeting on October 10 directly led to an easing of sanctions, Baghdad would adopt a "new attitude" towards the UN.

A spokesman for the Revolutionary Command Council, Iraq's top political body, said that despite Iraq's compliance with UN Gulf war ceasefire resolutions, "those of vicious purpose, among them the US, are bent on harming Iraq".

Adding that some UN countries wanted "to continue the sanctions as long as possible, he said: "We shall wait until the 10th of this month; after that every party will bear the consequences of its stand".

France, Russia, China and other members of the 15-strong Security Council favour giving Iraq a six-month trial period, arguing Iraq has made progress in meeting Gulf war ceasefire resolutions calling for control of its weapons industries. Britain and the US have said they would oppose just yet setting any criteria offering Iraq the prospect of lifting the oil sales ban.

NEWS: THE AMERICAS

Cardoso pledge on Brazil social problems

By Angus Foster in São Paulo

Mr Fernando Henrique Cardoso claimed victory in Brazil's presidential elections yesterday, promising to tackle the country's huge social problems and seek a higher profile in international affairs.

Mr Cardoso, a former academic turned social democrat politician, was speaking for the first time since Monday's poll, which, with more than half the votes counted, he appears to have won easily.

Sitting in front of an enormous Brazilian flag, Mr Cardoso said: "The biggest task is to overcome our social injustice. We are no longer an undeveloped country, we are the 10th largest economy in the world, but we have huge social problems."

He promised especially to improve education, where Brazil lags behind many other developing nations, and basic health services.

Mr Cardoso said Brazil's new economic stability, brought by the Real currency which he helped launch this year as finance minister, gave the country the opportunity to be more involved in regional and international affairs. Brazil wants a permanent seat on the UN Security Council and Mr Cardoso said the country needed to recognise that such claims demanded a "very active" role in the world.

Mr Cardoso said he was committed to private sector investment in areas of state monopoly and wanted to make private-sector joint ventures in oil and petroleum more flexible. However, state-owned Petrobrás would not be privatised.

Private sector investment would also be allowed in areas such as telecommunications and energy generation. Mr Cardoso favoured privatising Companhia Vale do Rio Doce, the biggest state-controlled mining company.

Mr Cardoso made some tough comments on Brazil's state-owned banks, many of which are in difficulty because of politically-inspired lending. Loss-making banks should be cleaned up rather than supported with government money. "If a bank is doing badly it needs to be turned round," he said, irrespective of whether the bank was controlled by a political ally or enemy. "Brazil cannot postpone this decision any longer."

Some reforms, in areas such as tax reform and wage legislation, were needed to guarantee the continued success of the Real. He said these matters would be discussed with Congress and doubted any significant changes would be made before he becomes president on January 1.

Mr Cardoso said he expected his victory would lead to greater foreign investment in Brazil. Some foreigners had delayed investments in case he lost to his main opponent, the left-winger Mr Luiz Inácio Lula da Silva.

According to election authorities, with slightly over half the votes counted, Mr Cardoso leads Mr da Silva by 54 per cent to 25 per cent.

Mr Cardoso said no "radical measure" would be used to stop foreign investment flows if the Real continued to rise against the US dollar.

Brazil holds back, Capital Markets page

Republicans kill bill on lobbying

Republican senators yesterday succeeded in killing a bill to limit the gifts they could receive from lobbyists, adding one more scalp to their collection of legislation blocked or defeated in the closing days of the congressional session, George Graham writes from Washington.

Democratic leaders failed to achieve the two-thirds majority they needed to break a Republican filibuster against the bill, which would have stiffened the registration requirements for people who spend money or are paid to lobby Congress or the administration.

The bill, which passed the House last week, would have barred most gifts from lobbyists to members of Congress – except for campaign contributions – and would have allowed members to accept meals only up to a value of $20 (£12.60).

The lobbying reform bill had provoked the anger of many members who felt it demeaned them by suggesting they could be bought so cheaply, and had particularly irritated golfers, because it would prevent them from accepting expense-paid trips to the many charity golf tournaments mounted every year in choice resorts by businesses and trade associations.

But this is not the kind of argument that members are eager to make less than five weeks ahead of an election, and last-minute opposition to the bill in the House last week and then this week in the Senate has focused on claims that the measure would infringe the right of religious groups to lobby Congress.

Congressman Newt Gingrich, the Republican minority whip in the House and the leader of the campaign to kill the bill, called it "a gag rule on the grassroots".

Since the bill mostly exempts church groups from registering their communications with members as a lobbying activity, this explanation appears less credible than the Republicans' fierce determination to deny the Democrats' even the smallest legislative victory ahead of the November 8 mid-term election.

President Bill Clinton had said both lobbying and campaign finance reform were high priorities for him, but both have now been defeated.

Is Caesar's aide's girlfriend behaving?

Jurek Martin wonders if Washington's pursuit of ethical standards has gone too far

The resignation of Mr Mike Espy as US agriculture secretary has set Washington and national tongues clucking again, in a number of unexpected ways.

Naturally, the fact that he was accused of taking favours from the agribusiness interests he was supposed to regulate has left the door open for those inclined to the high moral road.

Under the direction of Mr Howell Raines in the past two years, editorial comment in the notionally liberal New York Times have torn into the Clinton administration's ethical standards with a savagery that has often rendered conservative commentary superfluous.

It said Mr Espy's behaviour "gave, at the very least, the appearance of conflict of interest. It was also colossally stupid." It also damned his department, which the newspaper's reporters had found guilty of excessive payments for disaster relief, as "too close to food producers and farmers".

The Wall Street Journal's editorial column usually blames everything on President Bill Clinton. The Espy affair, it wrote, was consistent with "the larger story now of people in our politics who are unable to recognise any line between the realms of private and public life".

Much speculation turned, inevitably, on who would be next to go from the cabinet, with Mr Henry Cisneros, the housing secretary, top of most lists. He stands accused of not telling the FBI the full story about his financial arrangements with a former lover when it was conducting background checks before his appointment.

He was forced to say he would not resign, but that turned attention to support he was getting from the White House, which has a reputation for giving way under fire.

But if all this was easy to predict, others have begun to wonder if the manic pursuit of purity in Washington office-holders is not going too far.

A tart editorial in the Baltimore Sun found it hard to believe that a corporation, Tyson Foods of Arkansas, whose lawyer had helped Mrs Hillary Clinton earn $100,000 (£63,000) in commodities trading, would bother with a $1,200 scholarship to Mr Espy's companion, which, indeed, seems to have been the straw that broke his back.

"But," it added derisively, "that's what it has come to in Washington. Caesar's assistant's girlfriend has to be above suspicion?"

Mr Peter Jennings, the ABC television anchorman, also had his reservations in a radio commentary. Nothing the agriculture secretary may have done would have been illegal while he was a congressman.

Mr Jennings told the story of another current cabinet member who, returning from a trip with his wife, took a government car from the airport – but sent his wife home by taxi so as not to infringe any ethical code. The head of the Government Services Agency's chief is the latest on the block for having allegedly transgressed the rules.

These standards, tightened by the Clinton administration, are indeed strict. For example, no journalist may buy a civil servant meals worth more than $20 a session or $50 a year, which does not buy much in Washington these days.

A Washington Post editorial, while concluding that Mr Espy was "right to resign", wondered at the hypocrisy of a Congress so wedded to special interests that it has killed campaign finance reform and may do the same to lobbying reform. "Perhaps the people who kill this bill, if they manage to do that, will have the grace to step down too."

There was also something of a rallying to Mr Espy not merely from his fellow blacks but also from both sides of the farming fence, where he was seen as both knowledgeable about the industry and sensitive to consumer interests.

But performance on the job – or qualifications for it – matter much less these days. Men and women have been drummed out of town or not let into it for technical breaches of immigration and tax laws concerning domestic help mostly honoured only in the breach.

Or, as in the case of Ms Ricki Tigert, only this week confirmed to run the Federal Deposit Insurance Corporation after an eight-month delay, agencies have been left headless because of the heinous sin of a presumed friendship with the First Lady.

Mike Espy: accused

It may be true that the Clinton administration, by raising the ethical banner, left itself open to criticism when its members fell short. Republican exploitation of such shortcomings may also be just standard politics.

But when elected office can be bought merely by spending a lot of money, it can seem rough justice when the receipt of just a little means the end of a Washington career.

Psy Ops war waged in Haiti

Ted Bardacke on an operation meant to please Washington as well as the locals

In military jargon, Psy Ops stands for Psychological Operations, actions designed to mislead the enemy or influence the climate of opinion in conflict zones. While they might be the key to a particular mission, Psy Op agents usually work independently.

Yet as the US lays the ground for the imminent return to Haiti of exiled President Jean-Bertrand Aristide, its occupation of the country seems to be one big Psy Op. What it suggests is that the US believes getting Mr Aristide back in power is a question of changing minds more than changing conditions.

Every movement of US troops has a "target audience in addition to a military target", says one Psy Op planner. When troops raided the headquarters of Fraph, the paramilitary organisation loyal to the coup leaders, soldiers led about 30 of those captured on a slow parade through central Port-au-Prince and let Aristide supporters tear up the office.

The idea, said the planner, was to demonstrate to Fraph and the American people that the US could take charge whenever it wanted and that it had the capital's vengeful mobs on its side.

President Bill Clinton is no longer chided for having 17,000 troops in Haiti doing nothing. And the lack of serious confrontation with Fraph, which still has an estimated 200,000 members with 30,000 weapons at large, leaves him less exposed to criticisms that the US is becoming bogged down in a Somalia-like mission.

Another big hit in Haiti, and on CNN, are searches of private homes where weapons are suspected of being stored by anti-Aristide forces. On one of these early-morning raids a contingent of 10 US soldiers found two pistols and three rifles in a storage shed, enough to arrest the man guarding the flimsy structure.

After they left, the shack was reduced to rubble by a jubilant crowd. Later in the day, the same US contingent returned to admire their handiwork and a Sergeant MacPhearson told the assembled crowd: "We promise to keep raiding them if you promise to keep destroying them."

Still, these raids have netted less than 300 weapons, and US military spokesman Colonel Barry Willey admitted that faulty intelligence means "we don't know until we get there whether we've gone on a wild goose chase".

Military commanders also know that politicians in Washington can make or break this mission, so they have become a "target" as well. When senators came down on a whirlwind fact-finding tour, Bradley armoured cars uncharacteristically left the US base, some with orders to roll by just as the visitors were to begin their press conference, to give the impression of the US being firmly in charge.

Also meant for consumption in Washington, according to a Special Forces media liaison officer, are the television shots of Haitians cheering the US forces. Television crews are given priority with military units that are likely to encounter positive crowds, thus giving Mr Clinton some "breathing room" as Congress debates whether to impose a date for troop withdrawal.

US actions, psychological or not, are certainly building momentum for the return of Mr Aristide. Fraph, the police and the army are lying low and Aristide supporters, feeling protected by the Americans, are growing more confident by the day. But whether these shows of force are creating the conditions for Mr Aristide to rule is another question.

Mr Roosevelt Poteau, owner of a computer supply and repair shop, is eagerly awaiting the end of the economic embargo that Mr Aristide will bring with him, yet is wary that "US forces are leaving our president too much hard work for him to do by himself".

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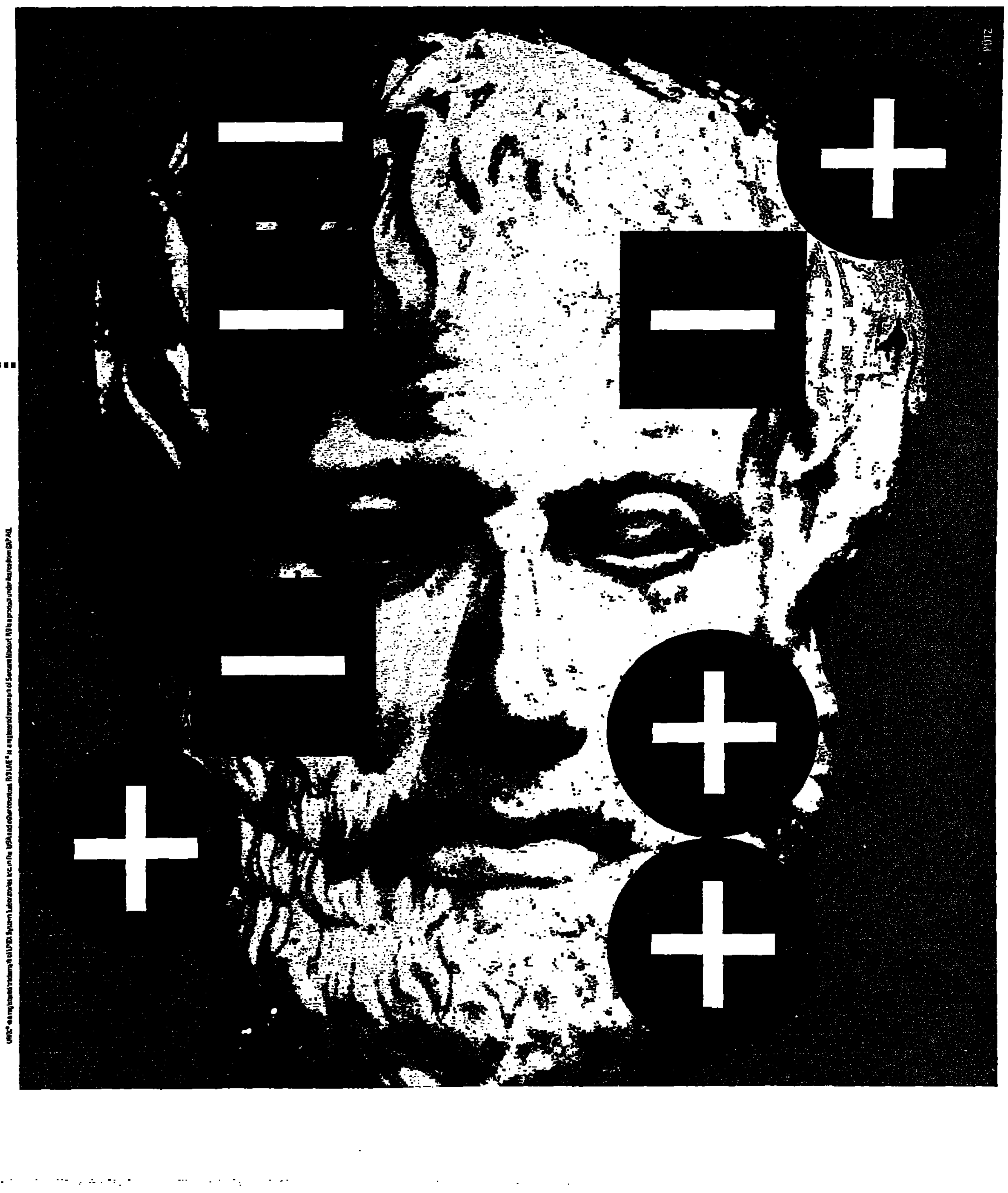

NEWS: WORLD TRADE

House delays votes on Gatt ratification

By Jurek Martin in Washington

The fate of Gatt in the US Congress is on hold for at least seven more weeks following the decision of the House to copy the Senate and come back into session at the end of next month for the crucial votes.

The House Democratic leadership was forced on Wednesday night to postpone the vote scheduled for yesterday after Republican objections to the rules under which the debate would be conducted. These stem from an opposition campaign against a telecommunications provision in the bill.

But in a letter sent to President Bill Clinton, leaders of both parties in the House diplomatically chose to blame their decision to call a lame duck session on November 29, after the November 8 mid-term elections, on the Senate delay of the Gatt vote until December 1.

"The Senate decision," the letter said, "has quite frankly undermined our ability to guarantee strong bipartisan support for this effort in the House at this time." But both the Speaker, Mr Tom Foley, and the Republican leader, Mr Bob Michel, predicted it would eventually pass.

Mr Mickey Kantor, the trade representative, who had spent much of Wednesday testifying to Congress for the Gatt bill, put the best face on what was *nevertheless a setback for the* administration. "There's no reason in the world to take any chances with the world's largest trade agreement," he said.

Mr Clinton weighed in by saying at a press conference that Gatt amounted to the "biggest world tax cut in history" and a "huge job gainer" for the US.

The Senate delay was brought about last week by Senator Ernest Hollings, the South Carolina Democrat, who exercised his right as a committee chairman to force a 45-day interval before the climactic vote. The chamber will come back into session on November 30 with a vote scheduled for the following day.

The new Congress does not take office until next January so the lame duck sessions will feature the existing line-up. That still leans towards approval, as a procedural vote later on Wednesday night seemed to indicate: also more than 100 retiring senators and congressmen may feel free to vote their consciences without fear of retribution at the polls or from party whips.

Nevertheless the outcome of the November 8 mid-term elections may have a sizeable influence on the lame duck sessions. If conservative Republicans, increasingly associated with "America First" positions and complaining that Gatt imperils US sovereignty, make expected gains, opposition to the agreement may grow.

Congressman Michel, a long-time supporter of free trade who is retiring this year, con*ceded that he had been caught* unawares by the anti-Gatt campaign waged over the last week by Congressman Newt Gingrich, his almost certain successor as Republican leader.

Indonesia's Suharto emerges as a surprise advocate of liberalisation

Support grows for free trade in Apec

By Victor Mallet in Jakarta

The leaders of Asia-Pacific nations, including President Bill Clinton, could make a public commitment to free trade in the region by the year 2020 or even 2010 when they attend a summit in Indonesia next month, according to officials of several governments supporting the idea.

The proposal for a bold statement of intent from the leaders of the 17-nation Asia Pacific Economic Co-operation forum (Apec), who meet next month in Bogor, near Jakarta, is broadly in line with the recommendations of an Apec "eminent persons group" (EPG).

Supporters of rapid liberalisation have found an unexpected ally in Indonesia's President Suharto, who has surprised other south-east Asian governments and some of his own ministers by declaring his wholehearted support for free trade as the Apec summit approaches. *Indonesia has* lowered tariffs and reduced non-tariff barriers in recent years, but it still has one of the most protected economies in the region.

"We have high hopes that the forthcoming meeting in Bogor will produce fundamental agreements on the type of co-operation between Apec members and on the rate of trade and investment liberalisation among us," Mr Suharto said in a speech yesterday.

In a report in August the EPG urged Apec to complete trade liberalisation by 2020; it also said economically advanced Apec members should eliminate their trade barriers more quickly than developing or newly-industrialised nations.

Although they have reservations about the EPG report, the US and Australia are among the *most prominent* supporters of a target date for free trade. Malaysia, on the other hand, is opposed to the idea, arguing that Apec risks being dominated by the US and should remain an informal consultative organisation; Dr Mahathir Mohamad, *Malaysian* prime minister, refused to attend the first Apec summit in Seattle last year.

Apec – whose members yesterday reiterated their support for global trade liberalisation and the formation of the World Trade Organisation – comprises the US, Japan and China, as well as Thailand, the Philippines, Indonesia, Singapore, Brunei, Malaysia, South Korea, Hong Kong, Taiwan, Australia, New Zealand, Papua-New Guinea, Canada and Mexico. Chile is due to join next month.

At an Apec ministers' meeting in *Jakarta yesterday*, Mr Bob McMullan, Australian trade minister, said that the EPG report was a matter for debate but that there was support for a declaration of principle on free trade by a specific date.

"It's more likely than not that there will be an agreement about a timetable for trade liberalisation at the Bogor meeting," he told reporters.

However, critics of Mr Suharto, who is 73, say he is more interested in hosting a memorable summit and leaving his mark on world affairs than in the reality of free trade. His new allies respond that they would rather applaud his change of heart than question the motives behind it.

Suharto: change of heart

EU urged to shift focus to Asian markets

By Emma Tucker in Brussels

FT *Conferences*

The European Union yesterday turned its attention eastwards, amid mounting criticism that Europe risks losing out on Asia's "economic miracle" by being too slow to develop political and economic ties. At a conference in Brussels, Sir Leon Brittan, commissioner responsible for foreign affairs, warned the European Union needed to shift its focus rapidly towards greater trade with Asian markets.

"The task is now to make a reality of what we all accept as an objective – better economic ties between the EU and Asia," said Sir Leon.

But Mr Nicolas Maclean, the chairman for Asia of Unice, the European employers' federation, said: "This forum is about 20 years overdue. For far too long, many EU companies have held Asian markets at arm's length and have now woken up to the fact that they are missing out."

Over the summer, the Commission published its first ever strategy document on Asia designed to launch a radical rethink of EU strategy. It warned that if European companies were unable to earn an adequate share of Asian growth over the next decade, their worldwide profits and competitiveness would be affected. This in turn could exacerbate calls for more protectionist policies from those in Europe *who view Asia as a threat, rather than* a lucrative opportunity.

Last month, foreign ministers from the EU and the six Asean countries agreed to intensify political and economic relations, as well as to reinforce dialogue in such areas as security and the environment.

However, *significant differences* in view also emerged from the meeting, in particular Asean opposition to EU efforts to link trade to human rights and the conditions of workers.

At yesterday's conference of 150 business leaders, organised by the European Commission and the Financial Times, the opening speeches by Sir Leon and Mr Manuel Marin, commissioner responsible for co-operation and development with Asia, avoided such issues. Both speakers concentrated instead on Europe's enthusiasm to develop links.

Mr Marin said a positive message on Asia had to be communicated to Europe's citizens: "Increased demand in Asia for European products, services and expertise will obviously boost job growth and prospects in Europe."

However, he pointed out that collaboration with Asian companies did not appear to be a top priority with most European companies.

According to the Commission paper, a number of factors are at play. These include a lack of understanding of the Asian business environment and the lack of a clearly defined image of Europe in Asia.

Mr Maclean said three things had to happen if Europe was to be truly effective in trading with Asia. First, bureaucratic pressure had to be eased in Europe, to allow companies to be as competitive as possible. The member states also had to act in co-ordination, *and make real attempts to understand* the different Asian cultures.

"If we ignore this, then culture will remain the greatest non-tariff barrier to our chances of strengthening our economic presence in Asia," he said.

World Trade Digest

P&O to manage privatised terminal

P&O, the shipping and construction group, yesterday announced the acquisition of management control of a recently privatised ter*minal* at Puerto Nuevo, which serves the Argentine capital, Buenos Aires.

This is P&O's first move into the management of container port facilities in Latin America, Lord Sterling, chairman, said. The group's Australian subsidiary has acquired a 40 per cent stake in the equity of the venture and it will supply the mangement of the terminal and provide support services.

The activities acquired by P&O *account for 270,000 teu* (20ft equivalent units) container movements a year out of the total handled by the port of about 500,000.

P&O is also looking to extend its container operations at Montevideo in Uruguay and in Brazil and Mexico. "This project will act as a springboard for further investment opportunities in the region," Lord Sterling said. P&O's local partner in the project, which is to be renamed Terminales Rio de la Plata, is Murchison Roman. *Charles Batchelor, London*

Japan imports more cars

Japan's sales of imported cars in calendar 1994 will break the previous record of 221,706 cars set in 1990, industry sources said yesterday. "Japanese sales of imported vehicles will reach 300,000 in 1994 including 280,000 cars," said Mr Seiichiro Iwasawa, a senior analyst at Nomura Research Institute.

The Japan Automobile Importers Association said September sales of imported vehicles in Japan rose 52.3 per cent from a year earlier to 29,920. September marked the 11th straight month of rises, and a record high for that month, breaking the previous record of 19,640 in September 1993, JAIA said. *Reuter, Tokyo.*

■ Samsung Engineering, a subsidiary of South Korea's Samsung Group, said it had won a $350m order from Thai Petrochemical Industrial to build an ethylene plant on a turnkey basis. Construction of the plant, capable of producing 300,000 tons of ethylene and 50,000 tons of butadiene a year, is due for completion by November, 1996. *Reuter, Seoul*

■ AT&T said it and Japan's KDD Submarine Cable Systems have been awarded a $323m contract to install part of an undersea multinational fibre-optic cable. The contract was awarded by an international consortium called Asia Pacific Cable Network (APCN). AT&T said the cable will link Japan, Korea, Taiwan, Hong Kong, the Philippines, Indonesia, Singapore and Thailand when completed in 1996. *Reuter, Singapore.*

■ Airbus Industrie, competing for a stake in the rapidly growing Chinese aviation sector, will invest $25m to upgrade China's infrastructure, company officials said. The consortium will build an integrated support centre with two flight simulator bays, classrooms and other facilities. *Reuter, Beijing*

THE DAVID THOMAS PRIZE

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress.

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Applicants, aged under 35, of any nationality, should submit up to 1000 words in English on this subject, together with a brief c.v. and a proposal outlining how the award would be used to explore this theme further.

The award winner will be required to write a 1500 to 2000 word essay at the end of the study period. The essay will be considered for publication in the FT.

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Tetra Pak loses appeal against fine

By Christopher Brown-Humes in Stockholm

Tetra Pak, the Swedish packaging group, yesterday lost an appeal against an Ecu75m ($93m) fine levied by the European Commission, but said it was almost certain to contest the decision in the European Court.

The Commission imposed the fine in 1991, arguing the group had abused its dominant position between 1982 and 1986 by deliberately trying to stifle competition. The fine – the Commission's biggest against a single company – was equivalent to 2 per cent of the group's 1990 turnover.

The company's attempt to *have the fine overturned* by the European Court of First Instance has been rejected.

The wrangle centres on market definitions. Brussels argues the Swedish company's position in "aseptically filled carton packages" is too dominant. *Tetra Pak does not deny this*, but says the dominance – equal to as much as 80 per cent of the market – is not surprising because it invented the aseptically filled carton package concept.

But it argues that its share of the wider "liquid food" market is a more relevant yardstick. Here it only has a 15 per cent share because of competition from cans and plastic and glass bottles.

Mr Christer Hedelin, Tetra Pak International general counsel, said: "We are extremely disappointed that the court has chosen to remain with the old traditional way of looking at market forces." The company says it is "most likely" to appeal.

Hong Kong shrugs off doubts

By Frances Williams in Geneva

Hong Kong has shrugged off earlier economic uncertainties surrounding the 1997 handover of the colony to Chinese rule and looks set for continued rapid growth sustained by a large booming economy on its doorstep, the General Agreement on Tariffs and Trade said yesterday.

The latest report by the Gatt secretariat on Hong Kong's trade policies and practices says trade patterns have changed markedly over the past few years. Exports of domestic goods stagnated between 1990 and 1993 but re-exports from China doubled and services exports increased by over 50 per cent.

At the same time, Hong Kong-based companies have poured investment into China, especially in the neighbouring Guangdong Province and the Special Economic Zones.

Hong Kong is the largest *source of foreign direct invest*ment in China and in 1993 accounted for 83 per cent of such investment in Guangdong province as businesses took advantage of lower costs to relocate basic manufacturing activities.

However, Gatt notes that a drop of two-fifths in Hong Kong's manufacturing workforce since the mid-1980s has been entirely offset by a rise in services employment, especially business services such as *finance*, marketing, design and logistics.

Textiles and clothing still represent over one-third of manufacturing value-added, followed by electrical and electronic products with about one-quarter.

OECD Export Credit Rates

The Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially-supported export credits for October 15 to November 14 1994 (September 15 1993 - October 14 1994 in brackets).

D-Mark	8.09	(7.77)
Ecu	8.73	(8.34)
French franc	8.70	(8.40)
Guilder		
up to 5 years	*8.10*	*(7.80)*
5 to 8.5 years	8.40	(8.10)
more than 8.5 years	8.80	(8.55)
Italian lira	11.38	(11.11)
Yen	4.70	(4.70)
Peseta	11.97	(11.41)
Sterling	9.79	(9.53)
Swiss franc	6.51	(6.37)
US dollar for credits		
up to 5 years	7.69	(7.50)
5 to 8.5 years	8.08	(7.88)
more than 8.5 years	8.28	(8.06)

These rates are published monthly by the Financial Times, normally in the middle of the month.

A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

SDR-based rates of interest are the same for all currencies. For the period from July 15 to January 14 1995, the SDR-based rate will be 7.36 per cent. It replaces the previous rate of 5.95 per cent. The SDR-based rate will again change on January 15 1995.

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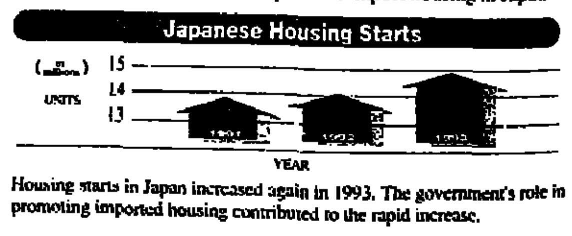
New Government initiatives promote import housing in Japan

Japanese Housing Starts



Housing starts in Japan increased again in 1993. The government's role in promoting imported housing contributed to the rapid increase.

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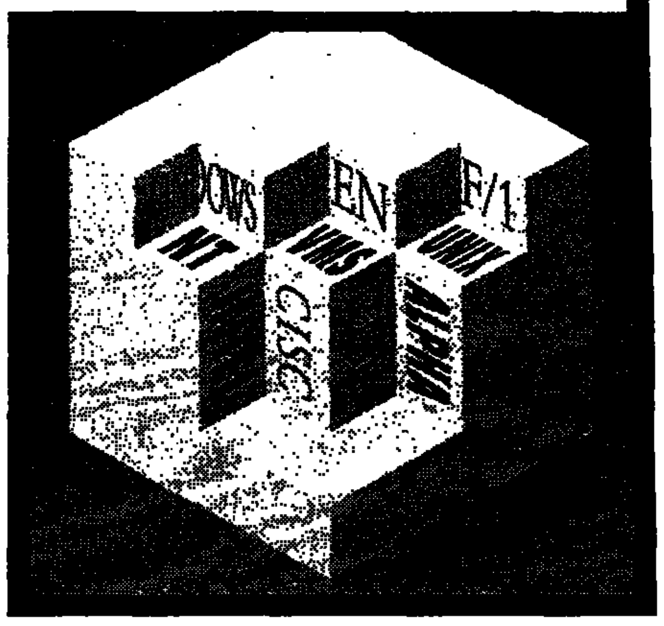

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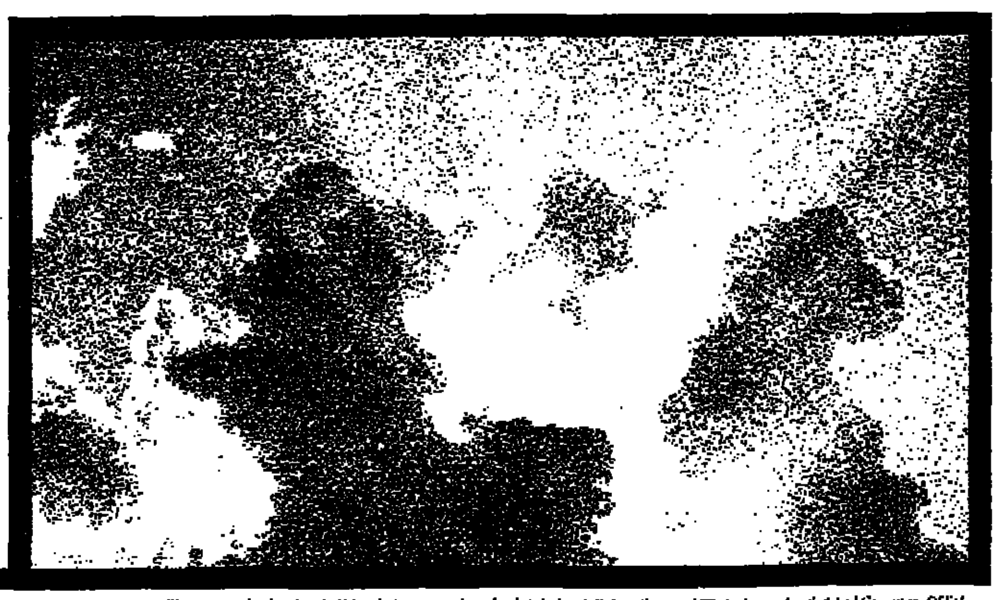

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Blair shrugs off setback

By Kevin Brown and Philip Stephens

Labour leader Mr Tony Blair yesterday pledged to press ahead with plans to rewrite the opposition party's constitution, in spite of an embarrassing defeat at the hands of traditionalist conference delegates.

Mr Blair shrugged off left-wing demands for a halt to his modernisation drive after delegates to the party's conference in Blackpool backed a resolution defending Clause 4, the party's 76-year-old commitment to widespread public ownership.

Dismissing the vote as "insignificant", Mr Blair indicated that he intends to have a statement of Labour's aims and objectives in place well before next year's conference. But privately officials admitted the vote was a presentational debacle.

Mr Blair has already started work on the draft of a statement which will run to only three or four paragraphs. His intention is that it will replace Clause 4 on every membership card. Mr John Prescott, the deputy leader, will announce today the details of an extensive consultation programme with all party members.

Mr Blair believes this could be completed by the spring, paving the way for broad agreement well ahead of the 1995 conference. He expects its ratification at that gathering to be a formality.

Friends of the leader rejected suggestions that the Clause 4 vote had in any way altered what he terms "a seismic shift" in Labour's political strategy at the Blackpool conference. Mr Blair took comfort from the narrow margin of defeat – 50.9 per cent to 49.1 per cent – and claimed that many delegates would have voted against the motion had they not been mandated to support it before the conference.

"It makes no difference whatever to the review taking place. It has got absolutely no significance," he said on BBC radio. "I have absolutely no doubt that the review will take place and that the result will be absolutely positive for Labour."

However, senior officials admitted in private the defeat would damage Mr Blair's attempts to remodel the party and make a decisive break with the past.

The Conservatives were quick to exploit the confusion in Labour's ranks. Mr Michael Heseltine, trade and industry secretary, said the defeat revealed the "incompetence" of Mr Blair's leadership.

Mr Jeremy Hanley, the Conservative party chairman, said the vote revealed "the old Labour party".

Delegates also voted narrowly for a resolution opposed by the leadership calling for cuts in defence spending and the scrapping of the Trident nuclear submarine force.

East European threat to farm support

By Alison Maitland

British farmers face the *abolition of all price support if* east European countries join the European Union, the National Farmers' Union said yesterday.

This prospect was set out in a paper drawn up by the union's leadership and launched at a meeting of its policymaking council.

Mr Martin Haworth, head of international affairs, said extending Common Agricultural Policy subsidies to east European nations "could prove *potentially fatal to* the EU".

Not only would it mean a possible doubling of the present CAP budget of around Ecu35bn ($43bn), it would also encourage increased production in eastern Europe, which has great agricultural potential, and lead to fresh surpluses in west Europe. Export of these surpluses on to world markets could not be subsidised because of new limits under the Gatt trade deal.

Mr Haworth said opposing enlargement was unrealistic since member states were committed to the goal of membership for six east and central European countries – Hungary, Poland, the Czech Republic, Slovakia, Bulgaria and Romania.

"There's not much of a choice at all," he said. "It's very hard to see how you can continue with any kind of price support in an enlarged Community."

The document, together with one in March on the implications for the CAP of the Gatt accord, is very different from the complacent approach taken by the union in the past. It follows an independent study published, but not endorsed, by the European Commission which called for farm subsidies to be phased into national budgets, with compensation for the worst hit regions.

Scan the fields and scatter

By Deborah Hargreaves

British farmers this week enlisted US military navigation satellites to help them plant a wheat field.

Some 15 acres of winter wheat were planted at Shuttleworth College farm in Bedfordshire using a sophisticated mapping system developed by Massey Ferguson, the farm equipment makers.

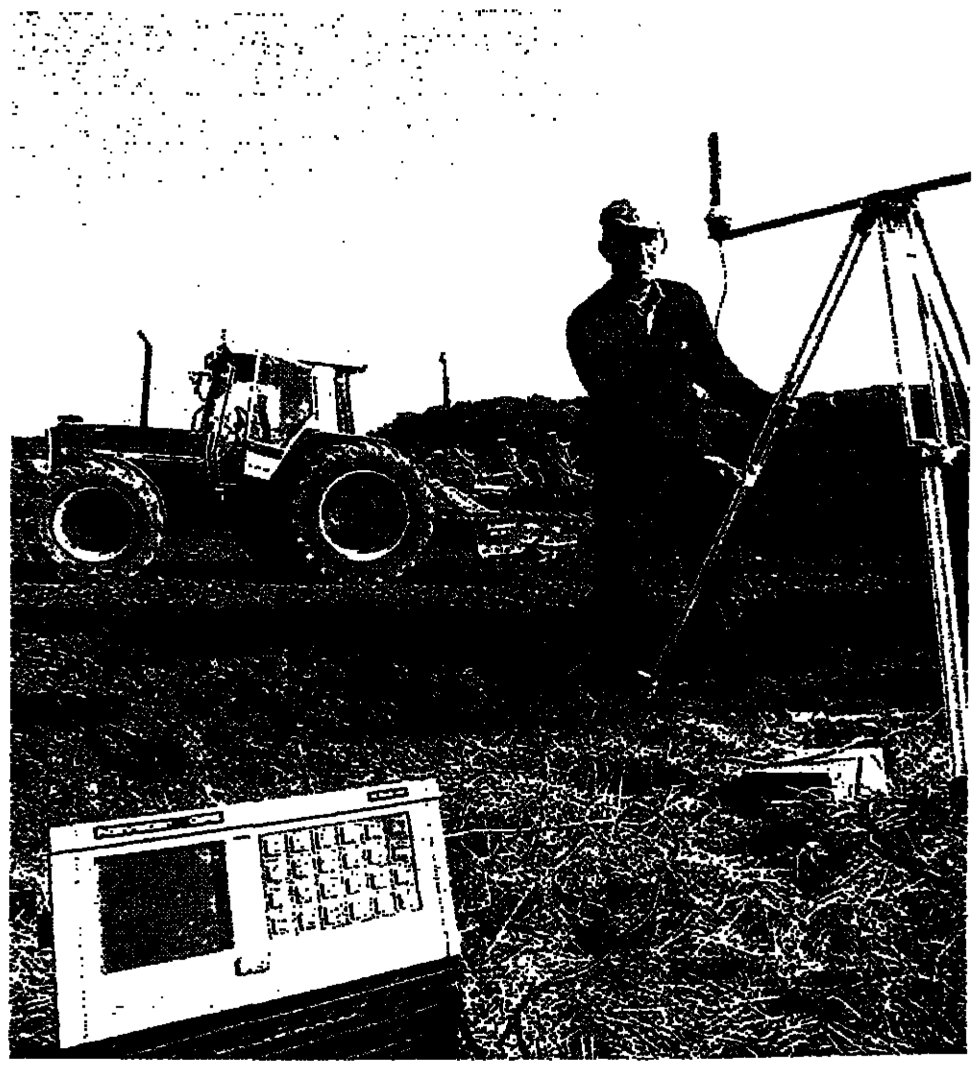
The tractor is fitted with a global positioning system which enables it to pick up signals from 21 satellites in orbit 12,000 miles above the earth which provide positioning information.

The signals automatically increase or decrease the amount of seed being planted according to where the tractor is in the field, allowing farmers to sow more seed on fertile parts of their land than on poorer areas.

A yield meter on a combine harvester during the harvest gives the producer data about the amount of grain produced in any part of the field.

This information is used to produce a yield map so that farmers can can apply fertilisers and agrochemicals more accurately where needed.

The equipment for yield mapping and global positioning costs £11,500 ($18,170).



Colin Beere

Robert Walker of Cranfield University seeds a field by satellite at Shuttleworth college yesterday

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TRANSACTIONS SPEAK LOUDER THAN WORDS.

Union in court bid to save pensions

By Richard Donkin, Labour Staff

The GMB general union plans to make an attempt in the High Court to win pension rights for thousands of workers whose public-sector jobs have been privatised.

The test case has been filed on behalf of five school catering workers in Preston, Lancashire, under the European acquired rights directive on competitive tendering.

The workers, all women, lost their right to benefit from the local government superannuation scheme when their employer changed in June from Lancashire County Council to BET Catering Services, a BET subsidiary.

The union says that they should keep their previous pension rights or be provided with an equivalent pension. Mr Mick Graham, the union's national secretary for local government, estimated that if the union won a ruling to be applied retrospectively, the pension rights of up to 500,000 employees could be affected.

Two previous attempts to bring the transfer of pension rights within the European directive foundered at industrial tribunals.

The union said that the government itself was urging companies tendering for contracts in the former public sector to provide equivalent pension rights. However the Department of Employment said that this was not an obligation but a recommendation.

Britain in brief

MPs push for changes to child support

A powerful committee of MPs looks set to recommend sweeping changes to the controversial Child Support Agency in a move that would increase pressure on the government to implement new reforms.

An early draft of the social security committee's latest report, circulated this week to committee members, is understood to argue for changes in many areas. These include the formula used when setting the level of maintenance payments to be made by absentee fathers and so-called "clean break" settlements between divorced couples.

The CSA was set up in 1993 to provide extra money for *mothers bringing up children* on their own. It has been fiercely criticised for failing to put children's interests first.

Doctors ready to combat local pay

Doctors' leaders are preparing plans for action if the government imposes a new pay structure on National Health Service hospitals.

The government plans to replace the NHS's centralised pay structure with local performance-related arrangements. Yesterday, the British Medical Association decided to convene its sanctions working party.

Regulator backs nuclear sell-off

Professor Stephen Littlechild, the electricity regulator favours privatising the nuclear power industry, but believes power stations should be redistributed among the two state-owned companies, Nuclear Electric and Scottish Nuclear, to improve competition.

Prof Littlechild says in his submission to the government's nuclear review: "There would be benefits in ensuring that all market participants throughout Britain are fully exposed to private sector financial disciplines."

Film 'monopoly' criticised

British film buffs may be able to choose from a wider range of films at local cinemas following the publication of a Monopolies and Merger Commission report.

The report concluded that a "complex monopoly situation" exists among a small number of distributors and exhibitors, which has made it difficult for independent cinema operators to secure popular films. It criticised the distributors' "minimum exhibition period" of at least four weeks, and suggested this be changed to two weeks.

Companies bid for road contracts

More than 70 companies forming 17 consortia have applied to bid for contracts to build *and manage new or improved* roads, the Department of Transport said yesterday.

They will be vetted and a short-list of those selected to make bids for the four road schemes already chosen by the government will be announced in about a month's time.

Visa cuts fraud losses by 24%

Visa, the international card payments system, said yesterday that fraudulent payments had fallen by 24 per cent in the first quarter of this year, reflecting greatly improved detection procedures.

The fall occurred in Visa's Europe, Middle East and Africa division.

Tea not allowed to go cold

Drinks which are called tea but are not freshly brewed are to be taxed.

The Customs and Excise department has ruled that "iced tea", sold in bottles or cans and sometimes artificially flavoured, is a soft drink and should carry value added tax at the standard rate.

PROPERTY

The next crusade

Simon London on the quest for greater liquidity

If property is going to be taken seriously as an institutional asset class, it will have to become more user-friendly. Fund managers would be more ready to forgive its relatively poor performance over the past decade if property was not so expensive and time-consuming to trade.

The biggest problem is liquidity: the costs and complexities of dealing in commercial property look out of place judged against the standards of other asset markets.

Although industry guidelines on transaction fees were dropped some years ago, institutional dealing costs of 2.75 per cent for buyers and 2 per cent for sellers barely changed.

While comparisons are difficult, dealing costs in bond and equity markets are a fraction of this amount. If property is – like other assets – entering a period of low investment returns, the problem will become still more acute.

The 1 per cent agency fee paid by buyers survived recession intact, despite the proliferation of small independent companies. Agencies have remained reluctant to reduce their transaction fees even though charges for property management, research and other professional services have been cut.

Some believe that a different charging policy could enhance liquidity in the property market without reducing the profitability of companies.

"Fund managers need to wean agencies away from expecting windfall gains from transactions, although that means appropriate fees have to be paid for other services," said Mr John Whalley, chairman of the Investment Property Forum, a group set up to promote investment in property.

The growth in research and forecasting services offered by agencies is certainly an advance. But unless transaction fees are reduced funds will not be prepared to act on such advice.

The legal process of buying and selling property is another area of concern.

"The market has not changed its way of dealing with property for generations and it's about time a long hard look was taken," said Mr David Bramson, head of property services at solicitors Nabarro Nathanson.

Relatively simple transactions can be completed within a few days. Mr Bramson estimated that a deal involving just one title and one lease might take 7-10 hours of lawyers' time to complete.

But bigger, more complex transactions of the type undertaken by institutional investors take much longer. One problem is that the governing legal principle – *caveat emptor* – puts the responsibility for checking details squarely on the shoulders of the buyer.

There is certainly a view that fund managers are, as a result, too cautious.

"Investors should narrow the scope of their due diligence," said Mr David Hunter, head of property investment at insurer Scottish Amicable. "Lawyers only do what we ask them to do."

A system of warranties – which, in effect, transferred responsibility for gremlins back to the seller – would help speed the process. There is no legal barrier to this way of trading.

The problem is persuading sellers to accept the lingering liability implied by a warranty. Cautious investors could be the biggest culprits.

Warranties might also encourage the development of an electronic bulletin board, where big investors could post details of properties they are willing to sell. In theory, a deal identified on the board could be completed in a matter of hours.

One option is turning buildings into tradeable securities but this is a holy grail for many bankers

Again, the snag could lie with the culture of the market rather than legal or technical barriers. A successful bulletin board would rely on a degree of transparency and openness which many property investors find alien.

Even if the market is unwilling to accept lower transaction costs and a streamlined legal process, there could be financial solutions to illiquidity.

One option is turning buildings into tradeable securities – a process known as unitisation – but this is a holy grail for many property bankers.

The menagerie of proposed securities at the end of the 1980s included Pincs (property income certificates), Spots (single property ownership trusts) and Sapcos (single asset property companies).

While the techniques varied, the idea was the same: to increase liquidity by breaking lumpy assets down into smaller parts.

Some of these instruments made it to public markets. Billingsgate City Securities, whose sole asset was the Billingsgate office complex in the City of London, was floated in Luxembourg in 1986. The London Stock Exchange also agreed to list Pincs, an idea devised by the securities arm of NatWest Bank and Richard Ellis, the surveyors.

Other than the inevitable tax hurdles, the biggest problem to this type of instrument is price. If investors are only willing to pay a discount to the asset value, the owner would probably rather sell in the open market.

But why should investors pay more than net asset value for a small share of a building over which they have no control?

Besides, single-building unitisation would not guarantee liquidity unless investors were willing to trade and market-makers could be found. A small, unwanted building would be no more liquid than before it was unitised.

Big unitised portfolios should, in theory, enjoy greater liquidity. But property unit trusts have suffered liquidity problems of their own caused by sudden outflows of funds. Closed-end investment trusts, with all their assets in physical property, might provide a better solution – if only the rules allowed.

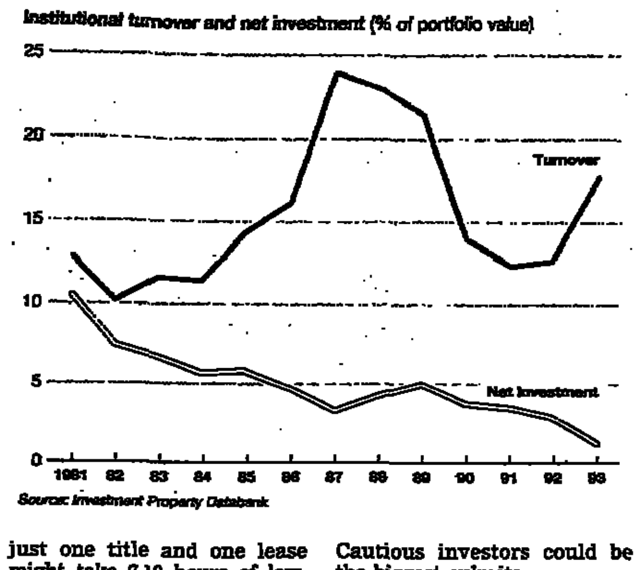
Barclays Property Income Certificates (Pics), launched earlier this year, side-stepped the most common problems of unitisation by offering investors a return linked to an index rather than an individual building or underlying portfolio.

If more issuers can be found to add to the outstanding £150m stock of Property Index Certificates (Pics), so much the better. Similar instruments based on sectors of the market or even geographic areas would also be possible if only indices were developed and issuers could be found.

Yet such instruments offer something quite different from the ideal of liquid, physical property. Having come so close to the grail at the end of the 1980s, it could be time to start the next crusade.

Trading places

Institutional turnover and net investment (% of portfolio value)



Source: Investment Property Databank

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SIMEPAR TENDER Nº 001/94
CALL FOR BIDS

The AGRONOMIC INSTITUTE OF PARANÁ – IAPAR will receive until 2:00 p.m. on the 18 November 1994, at the Paraná State Meteorological System – SIMEPAR at the Polytechnic Center of the Federal University of Paraná, Jardim das Américas, Curitiba – Paraná – Brazil, the Documentation for Eligibility and Technical and Commercial Proposals to manufacture the equipment for the Telemetric System for the Collection of Meteorological and Hydrological Surface Data, the complete description of which is contained in the Technical Specification, the opportunity for which will begin in public session by the opening of the envelopes containing the Documents of Eligibility.

The bidding will be of a type, for Technical Quality and Price as Governed by the Brazilian Federal Statute 8.666/93 and the specific conditions contained in this edict.

It is projected that the system for tender shall be an integral part of the Paraná State Meteorological System – SIMEPAR and is to be a priority for the work in Scientific and Technological Research, and by complimentary to the operational activities.

Interested parties may obtain more information, analyze, or receive a copy of the complete Edict at the address below:

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Centro Politécnico da Universidade Federal do Paraná
Jardim das Américas – Caixa Postal 318
80001-970, Curitiba – Paraná – Brazil
Tel/fax: +55(41) 366-2122

A complete copy of the document for bidding, in Portuguese and in English may be obtained by interested parties on payment of a non returnable fee of R$ 300.00 (three hundred Reais) up until 10 (ten) days before the above established deadline for receiving proposals.

The financial resources for payments, resulting from this current bidding, are available as part of the Paraná State budget.

At the time the document for bidding is purchased, all Bidders shall present a letter containing their complete mailing address (Bidder's Name, Street, Number, Zip code, City, State, Country, Tel and Fax numbers).

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PEOPLE

Lonrho's chair filled temporarily

Sir John Leahy (right), the former British ambassador to South Africa, has been appointed temporary chairman of Lonrho.

He replaces Rene Leclezio, with Lonrho for 30 years and chairman for the past three, who in January agreed to stand down as part of a sweeping reorganisation of the board.

Sir John, 66, and currently a vice chairman, takes up the post at the end of the month.

Dieter Bock, the German financier who is Lonrho's joint chief executive, had hoped to recruit an outsider to the post and had approached Eugene Anderson, former chairman of electronics group Ferranti. However, Anderson's appointment was opposed by Tiny Rowland, Bock's joint chief executive who, until Bock's arrival at the beginning of last year, had been the dominant force within the company for three decades.

Sir John is likely to remain chairman until there is a resolution of the battle between the two chief executives for control of the company. "Frankly, it is very difficult to recruit high quality people when there is such uncertainty," said a Lonrho employee.

More than a month ago, Bock's position in the company was weakened considerably when his fellow directors forced him to abandon his plan to propose to the board that Rowland should be stripped of his executive powers.

Hardy retires from Associated

Murdoch MacLennan, 46, group operations director of the Mirror newspaper group, is to take over from Bert Hardy, 65, as managing director of Associated Newspapers, publishers of the Daily Mail and Evening Standard.

MacLennan, who joined the Mirror Group in 1992, is managing director of the Scottish Daily Record and Sunday Mail and has been heavily involved in the modernisation of the Mirror group's printing operations. Before joining the Mirror, he had worked for News International and had been a director of Associated from 1989 to 1992.

MacLennan, who takes up his new post at the end of the year, is the second senior executive to quit the Mirror's Scottish newspapers in the past few months. In July, Endell Laird, 60, editor-in-chief of the Daily Record, announced that he was retiring after 35 years with the group.

Bert Hardy (above), who will retire after his 66th birthday, started in Fleet Street in 1942 when at the age of 14 he became a copy boy at the Picture Post. From there he climbed the corporate ladder to top positions, including chief executive of the Mirror Group, News International and London's Evening Standard.

It was during his reign at the Standard that he gained a reputation as a fighter, when in 1987 he slashed the price of sister paper the Evening News from 15p to 5p after Robert Maxwell's decision to cut the cost of the London Daily News.

■ Brian Groom, 39, deputy editor of Scotland on Sunday, has been appointed editor. He worked for the Financial Times for ten years before joining Scotland on Sunday in August 1988 prior to its launch.

Abbott leaves Redland for Bowater

Kevin Abbott is leaving building products group Redland after six years as a main board director to take up a post at Bowater, the paper and packaging company.

Abbott, 40, has been with Redland for 16 years, having joined its corporate planning team from Schroder Wagg, the merchant bank. He was promoted to finance director of Redland's Roof Tiles division in 1982, eventually rising to become global roofing director and to the main board six years later.

After a reshuffle at the start of the year, he took over responsibility for non-European building products and the UK roof tiles business.

Abbott said yesterday: "Having grown up in one company, I thought it was about time for a new challenge." At Bowater he will be reunited with his former Redland managing director David Lyon, who beat a similar path in 1987. "I am looking forward to working again with David; he is someone for whom I have a lot of respect."

At Bowater, Abbott will become executive director responsible for worldwide Health and Beauty and European packaging. He fills the spot left vacant by Stuart Wallace, who left to join Fisons at the end of August.

Andrew Karney quits Logica

Logica's *dramatis personae* continues to change as managing director Martin Read reshuffles his management team. Andrew Karney, corporate development director, is the latest to exit stage right as the computing services company's reorganisation moves on.

Karney, 52, emphasises the parting is amicable: "New management always wants to bring in new blood and I think that's right." Although headhunters have kept his telephone busy since his resignation leaked out, he says he has no plans beyond a visit to Indonesia next month to indulge his interest in all things Asian.

Karney was one of the earliest recruits to Logica – he joined the company in 1973; he took a special interest in telecommunications and set up the company's joint ventures with Finsiel of Italy and with British Airways and became a board director in 1986.

One of the founding directors of Cable London a decade ago, the new world of multimedia seems likely to offer him fresh perspectives and challenges, but he seems lukewarm about the prospects of starting a new company – "Do I really want to do that?" While he ponders his next role, his wife, Beryl Goldwyn, is off filming an episode of "The Bill" police series for television.

■ Michael Le Houx has been appointed director of finance and internal operations at TERENCE CHAPMAN ASSOCIATES and not at Synergo Technology.

■ Robert Bellis, has been appointed md of CERPLEX Ltd; he was formerly chairman of BT Repair Services, whose assets have been acquired by The Cerplex Group.

■ Colin Wyatt, formerly general manager for Lotus Canada, has been appointed md of the UK and Ireland operations of LOTUS DEVELOPMENT.

■ Tom Bird has been promoted from sales director to md of OPTIKA IMAGING SYSTEMS EUROPE.

■ Malcolm Duffy, formerly loss prevention adviser for store security in the UK and the rest of Europe for Marks & Spencer, has been appointed customer services director of PHOTON SECURITY SERVICES, which supplied M&S.

BUSINESSES FOR SALE

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For further information, contact the Joint Administrative Receiver, Richard Neville, KPMG Peat Marwick, Phoenix House, Notte Street, Plymouth PL1 2RT. Telephone: 0752 225381. Fax: 0752 257535.

KPMG Corporate Recovery

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Retail Display Equipment	£1 million (prestigious customer)
Injection Moulders	£600,000
Aluminium Fabricators	£600,000

Other principal features include:

- Two freehold properties in Edenbridge and Horsham
- One long leasehold property in Horsham
- Two short term leasehold properties in Horsham

For further information, interested parties should contact Paul Davis (081-681 8389), Joanne Rolls or Mark Richards (0403-269 222), at:

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MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

The Ministry of Privatisation, acting on behalf of the State Treasury of the Republic of Poland in accordance with Article 23 of the Act on Privatisation of State Enterprises dated 13 July 1990 (the "Privatisation Act"), hereby issues an Invitation to Negotiate to all parties interested in acquiring at least 10 per cent. of the shares in

KIELECKIE ZAKŁADY WYROBÓW PAPIEROWYCH S.A.

Kieleckie Zaklady Wyrobów Papierowych S.A., based in Kielce, is one of Poland's leading manufacturers of corrugated packaging materials, including microflute packaging. It also produces folding cartons and computer paper. In the year ended 31 December 1993, the company's turnover was PLZ 673,909 million. The company currently employs 1,122 people.

Up to 20 per cent. of the shares of the company will be offered to employees on a preferential basis in accordance with Article 24 of the Privatisation Act. In addition, in accordance with Decree No. 86 of the Council of Ministers, dated 4 October 1993, the Ministry of Privatisation will retain 5 per cent. of the shares of the company. Interested parties are invited to express their intent to acquire all of the remaining share capital.

All expressions of interest should be made in writing by 20 October 1994 and should be addressed to:

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Poland
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Contact: David Renton, Director

Expressions of interest should contain: (i) a description of the party's existing corrugated packaging manufacturing operations and (ii) recent information on their financial state of affairs. Upon receipt of a written expression of interest and subject to the execution of a confidentiality agreement, an information package will be issued to those of the interested parties selected by the Minister of Privatisation.

The Minister of Privatisation reserves the right to extend the deadline for receipt of expressions of interest, but is under no obligation to consider expressions of interest after 20 October 1994. The Minister of Privatisation also reserves the right to reject any expression of interest, to make changes to the privatisation process of the company should this be in the interest of the State Treasury or the company and to revoke this Invitation to Negotiate without giving any reasons.

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INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF "VIEL S.A. - COATED ABRASIVES INDUSTRY" NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its capacity as special liquidator of VIEL S.A. (in accordance with decision No. 9583/1992 of the Athens Court of Appeal by which VIEL S.A. has been placed under special liquidation) within the framework of Article 46a of Law 1892/90 as complemented by Article 14 of Law 2000/91 and supplemented and amended by Article 53 of Law 2224/94

INVITES

interested parties to express their interest in purchasing the total assets of VIEL S.A. - COATED ABRASIVE INDUSTRY now under liquidation, submitting within twenty (20) days from today a written, non-binding expression of interest.

BRIEF DESCRIPTION OF THE COMPANY

VIEL S.A. was established in 1981 (Govt. Gazette 2627/81) and set up a modern industrial unit for the production of coated abrasives in the Patras industrial estate on a plot of about 12,806 m². The factory has a surface area of 3,568 m² and auxiliary buildings an area of 587 m². The basic machinery was built and installed by BRUCKNER of Germany and JGEL of Austria.

During the first months of liquidation the company was semi-operational. However, in April 1993, as a result of serious financial problems, the factory was closed down and is now non-operational.

Details concerning the auction for the highest bidder:

i. Within twenty (20) calendar days from publication of the present invitation, interested buyers must submit a written, non-binding expression of interest.

ii. Potential buyers, after having given a written undertaking of confidentiality, may obtain the offering memorandum from the offices of the liquidator company. They will also have access to any other information they may require and be able to visit the premises of the company under liquidation.

iii. The offering memorandum will contain a detailed analysis of the total assets for sale and other useful information for the potential buyer. The announcement of the public auction for the highest bidder will be published within the appropriate time limits and in the same newspapers.

For any further information please apply to:

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LEGAL NOTICES

No. 006132 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
CITY OF WESTMINSTER
ASSURANCE COMPANY LIMITED
-and-
IN THE MATTER OF
THE COMPANIES ACTS 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th day of August 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £25,000,000 to £3,800,000 by returning the capital which is in excess of the wants of the Company.

NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of Companies Court at the Royal Courts of Justice, Strand, London, WC2A 2AL on Wednesday the 26th day of October 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED the 30th day of September 1994

The Brough Skerrett Law Partnership
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London EC1N 2SX

Solicitors for the above-named Company

The Financial Times plans to publish a Survey on The Prevention & Detection of Fraud on Tuesday, October 18.

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For more information on editorial content and details of advertising opportunities available in this survey, please contact:

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FT Surveys

An integrated approach

Tim Dickson looks at a consultancy firm's ambitious plans

Change management has been around a while – yet judging by a Price Waterhouse announcement this week the idea looks to have plenty of life left in it yet.

In a move designed to consolidate the fastest growing part of the firm's business, the international management consultancy practice unveiled details of a plan bringing together its previously separate strategic, operational and information technology consulting services.

The aim of the exercise – which has cost more than $10m (£7m) to implement over the last year – is to respond better to what PW perceives to be a growing demand for large-scale change programmes across organisations and across national borders. This type of activity already accounts for about 20 per cent of the firm's fee income – from a standing start in mid 1990 – and is said to have pulled in more than $250m of worldwide business in the last year alone.

PW's message – that companies too often opt for piecemeal solutions and that what they really need is a unified approach – is not exactly leading edge stuff; it has also been promoted by KPMG and Andersen Consulting among others. PW's reorganisation is nevertheless an indication that chief executives are increasingly confused by the myriad of different gospels currently being preached by the consultancy industry.

PW's approach has three main strands:

* The integration of the six "main levers" of change – people and culture; processes and systems; structure; technology; markets; and products and services.
* A strong focus on securing the commitment of interested groups.
* New software to assist in identifying best practices and performing process analysis.

Backing up its ideas PW has simultaneously published a book called *"Better Change"*, claimed to be a practical guide for everyone initiating, leading, or affected by large-scale change programmes. It sets out 15 "key principles" which PW has gleaned from its collective experience.

* Confront reality. "We are all highly vested in the seductive notion that what we have built will continue to flourish."
* Focus on strategic contexts. Knowing where to invest in change – where to seek improved performance – will separate the victors from the vanquished.
* Summon a strong mandate. This is generally provided by top management, but it should be amplified by the voice of the customer.
* Set scope intelligently. Focus on measurably improving performance in areas most important to the organisation and its key stakeholders.
* Build a powerful case. You cannot assume others are prepared for change.
* Let the customer drive change. Serving customers is a powerful common denominator in an organisation.
* Know your stakeholders. Powerful individuals and groups have stakes in changes being contemplated.
* Communicate continuously. Clear, succinct messages will be understood. Honest messages will be believed.
* Reshape your measures. Take the time to re-evaluate and, if necessary, dismantle old measures.
* Use all of the levers of change. (markets and customers, product and service offerings, the organisational structure).
* Think Big. Small thinking dominates many projects, with predictable results.
*Leverage diversity. Women and minorities "help to shake the old paradigms and where necessary replace them".
* Build skills. Over-invest in human capital.
* Plan. "To drive change you must develop a documented and detailed action plan for change."
* Integrate your initiatives. "Savvy executives strive to balance the entrepreneurship of high-initiative managers with the need to adhere to a focused strategy."

Leaders should learn to bow out

Christopher Lorenz on the need for chief executives to develop a broader range of starring roles

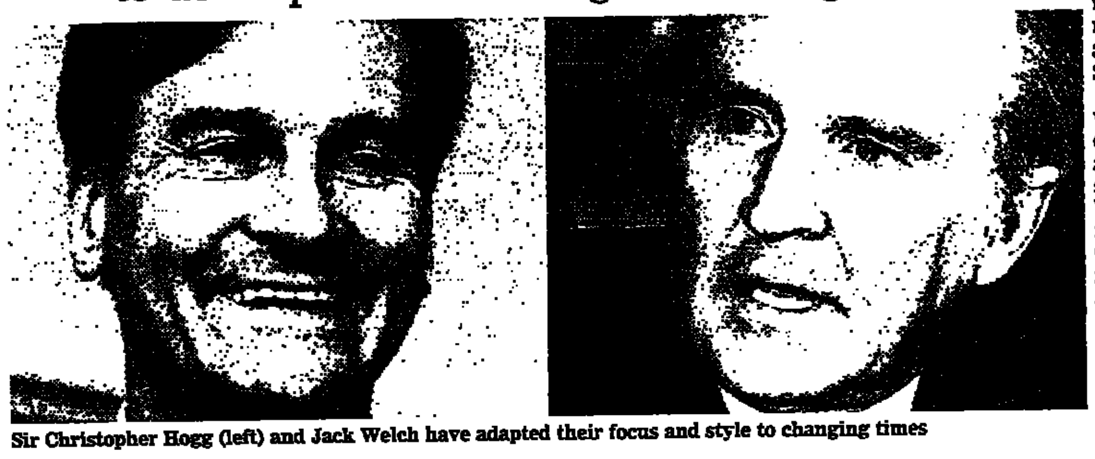
It has long been evident that leaders tend to outlive their usefulness as circumstances change. Sir Winston Churchill's expiry date was the end of the second world war. Margaret Thatcher's was the achievement of the main planks of her radical reform programme: Mikhail Gorbachev's was the unleashing of democracy. The nature of each leader's departure differed, but in every case it was caused by their inability to adapt to changed conditions.

The same applies in the business world, but with a difference: that most chairmen and chief executives quit far too late, not only when their own performance has peaked, but when they have led their companies into dangerous waters. Witness the belated departures in recent years of the bosses of IBM, Kodak, Digital, Volvo and Scandinavian Airlines.

Few business leaders have the sense or humility to recognise their limitations and leave when they have accomplished the tasks to which they are best suited. One such rare exception was Michael Edwardes, the former boss of British Leyland cars (now Rover), who was frank enough to admit when he left a decade ago that if he had stayed any longer than four years his value to the car company would have fallen by two-thirds. (His critics would say he went before the damage he caused could be uncovered).

By contrast last week's forced resignation of David O'Brien, head of National & Provincial, a leading UK building society, was a case of a permanent revolutionary failing to realise that although the upheaval he had wreaked – also for four years – had benefited the organisation's performance in the short term, it had begun to wear out its morale.

Against this litany of leaders with limited staying power can be set only a tiny list of people who have learned to adapt their focus and style to changing times. The arch example in the US is Jack Welch, the charismatic chairman of General Electric since 1981.



Sir Christopher Hogg (left) and Jack Welch have adapted their focus and style to changing times

In the UK the much quieter Sir Christopher Hogg has accomplished a similar feat at the head of Courtaulds, leading it through four very different phases: a battle for survival in the early 1980s; revitalisation in international markets for the rest of the decade; revolution at the end of it with the splitting of the company in two through de-merger; and then a renewed battle against recession, although this time from a strong international base.

The reasons why few leaders perform anything like as well – and for as long – as Welch or Hogg were studied in the late 1980s by two Canadian academics, Henry Mintzberg and Francis Westley. They suggested that most leaders, whether in politics or business, find it hard to adjust more than once to what they called "the cycle of revitalisation". Once a new leader's first revolution – or set of reforms – achieves its objective, a state of order develops in which all sorts of routines are needed.

Some leaders fail to adjust even to this first shift. But if they do, they lose the ability to launch a new revolution when the times demand it, retreating instead into lofty distance at the top of the newly stable system. By contrast, the one-track revolutionary who cannot adjust becomes a restless irritant, or worse.

This analysis has now been built upon by one of Europe's leading experts on leadership, Manfred Kets de Vries of Insead. In an article called "CEOs also have the Blues", published in the latest issue of *European Management Journal**, de Vries argues that chief executives, like products, go through a life cycle. It has three phases: entry and experimentation; consolidation; and decline. He warns that the cycle is growing shorter, to eight years or fewer.

The heady, first honeymoon phase is usually straightforward. In it, the chief executive's focus on just one or two themes – cost-cutting, quality, customer service, re-engineering, takeovers or whatever – is a strength. But in the second phase the chief executive loses the excitement of mastering something new and settles down into the proven success formula. In relatively stable environments this can be an advantage. But in the more dynamic, turbulent scenes in most industries today it creates ossification, and triggers the third phase, of decline.

De Vries attributes the whole problem to what he calls the chief executive's 'inner theatre': the subconscious assumptions and preoccupations, or 'scripts', as he calls them, that people acquire over time, and which dictate their response to external stimuli. A more familiar term, used by US academics such as MIT's Peter Senge, is 'mental maps'.

Unlike Senge and most other writers on the subject, de Vries does not advise chief executives to attempt the unsettling process of self-renewal, in order to become Welch-like learners. This is only feasible for some people, he argues. Others should look for new horizons while the going is good, or settle for the role of mentor to younger executives, he says.

But that shift in behaviour itself involves a challenging degree of personal learning and renewal: the chief executive must foster a climate of trust and real dialogue, and allow all existing assumptions to be challenged.

In practice, this degree of change is too great for many chief executives to stomach.

But De Vries is right in arguing that, if they fail to regenerate themselves in this way, they risk becoming one of what he calls the 'walking dead', and leaving a graveyard behind them.

To extend de Vries's theatrical metaphor, most chief executives face an uncomfortable choice. They must either recognise that they are one-act performers, and bow out in good time, or they must learn to become all-round artistes capable of playing the lead in an extended drama of several very different acts.

** EMJ Sept 1994 Fax 0865-843010.*

The first 100 days

So now you are the boss. The board rang last night and this morning the chief executive's office has your name on it.

Everything is in a state of flux. There is much work to do, and you know that you have some breathing space in which to introduce change. But, as a report in the McKinsey Quarterly* points out: "Within 100 days or so a new order usually gets established and things settle down again . . . periods of transition are painfully short."

The report's authors explore how best to use the 100 days of opportunity, what to focus on and how not to sow the seeds of your own destruction.

"Executives . . . often focus, from the very beginning, on the kind of legacy they want to leave behind," the report says. The next step is to ask: "What is the number one thing that could derail what I hope to achieve?" This approach keeps the new boss's mind focused on a strategy.

Then managers are advised to explore power bases and communications channels. A new chief of a US railway wanted to limit status symbols. He replaced the ground-floor executive offices with a fitness centre. "By the time he announced that one-third of corporate staff would be cut, the organisation had already gotten the message: change was real and more was coming."

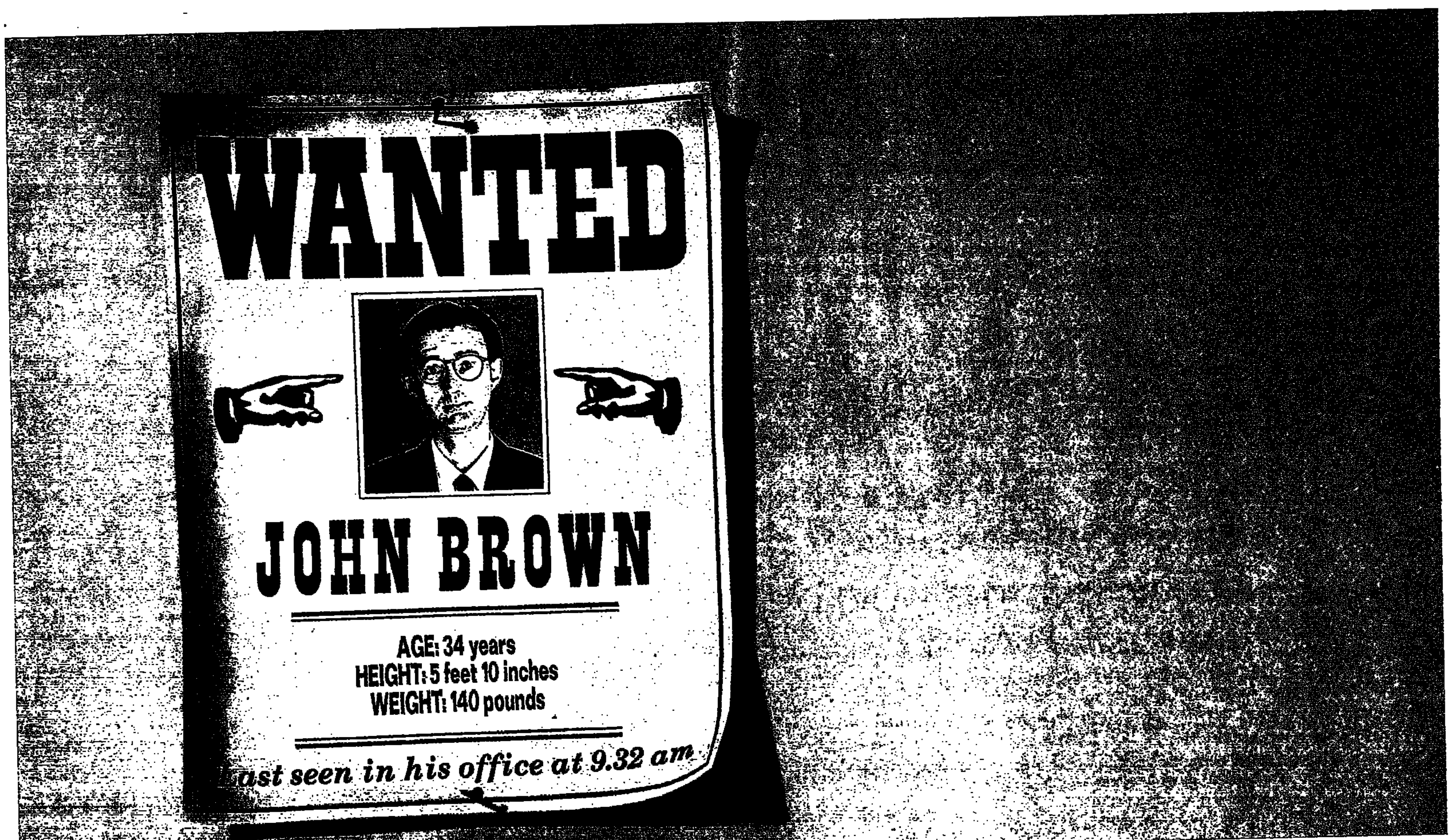
The report advises focusing on a few outstanding themes. One rueful CEO says: "If everything is a priority, then nothing is a priority. It may sound trite, but we do it to ourselves all the time. At times there seemed to be 200 'critical' things to do. Even when I pared the list down to 30 I still felt swamped."

Planning company successions is also crucial to long-term stability. In a survey by The Conference Board* of companies mostly based in the US and Europe, leadership continuity is the principal objective of succession planning, a process formally undertaken in 61 per cent of those surveyed.

Succession programmes are used to cover a great number of posts in some organisations. The survey says, however, that the process of tracking is often behind the times, although many companies intend to develop more meaningful criteria for evaluating capability.

Adrian Michaels

**The McKinsey Quarterly, 1 Jermyn Street, London SW1Y 4UH. *The Conference Board, 845 Third Avenue, New York, NY*



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TECHNOLOGY

Computers the size of a sugar lump are on the way thanks to nanotechnology, says **Tom Foremski**

The smaller the better

Imagine a technology that allows you to manipulate a single atom and place it precisely in a specific position – a technology that promises to affect virtually every aspect of our world.

Scientists exploring nanotechnology are working on a scale 500 times smaller than today's advanced computer chips. The ability to manipulate individual atoms would mean that a computer with more power and more memory than the combined capacity of all the computers ever produced could be made no bigger than a lump of sugar.

But how can scientists pick up a single atom and place it in a precise location? Researchers believe the answer could lie in adapting the relatively new and extremely powerful atomic force microscope. This device uses a diamond with a single atom at its tip to take pictures of atoms based on the electronic forces between them.

Researchers have found that when using the microscope they can also move individual atoms. IBM's Almaden Research Laboratories in California used an atomic force microscope to place individual xenon atoms on a nickel surface to spell IBM.

Eric Drexler, who coined the term nanotechnology in the mid-1980s and is the author of the book *Nanosystems*, believes that atomic force microscopes can be adapted to be efficient manipulators of individual atoms.

"It will be an enabling technology if we can develop atomic force microscopes that 'grip' an atom and not only position it but also rotate it," Drexler says. Current research is focused on adapting the microscope.

However, building a product atom by atom using an atomic force microscope would be an incredibly slow process. Researchers have proposed building molecular machines invisible to the naked eye to do the manipulating.

Ralph Merkle, a researcher in nanotechnology at the California-based Xerox Palo Alto Research Centre, believes the potential applications are great. "If we can create a manufacturing technology that can precisely manipulate individual atoms, we can improve virtually every product made," he says.

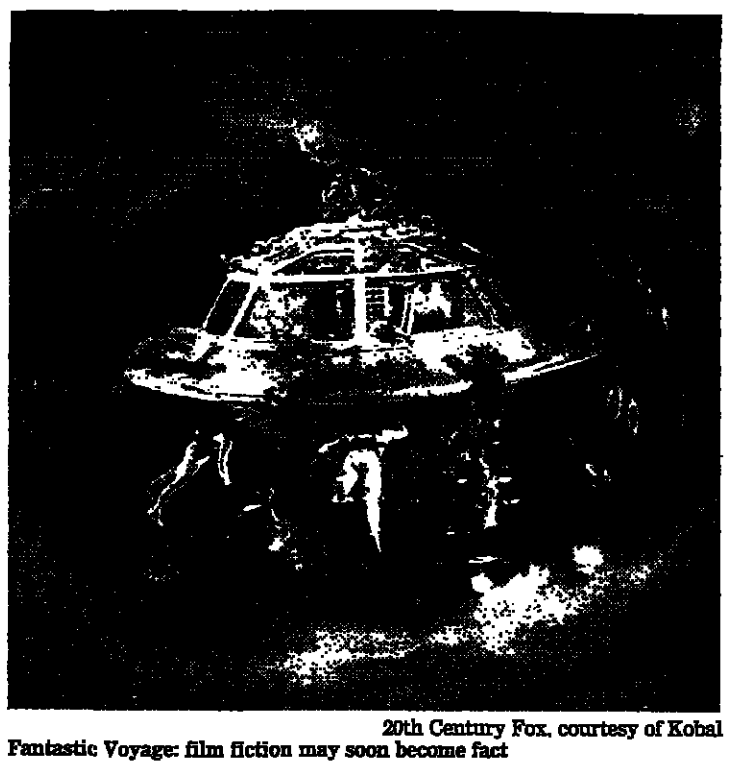
Scientists believe that the first applications for such technology are likely to be in medicine and surgery. Molecular machines could be injected into the body to seek out and kill diseased cells and repair delicate organs.

Researchers also believe there will be defence applications, such as the development of new weapons systems and lightweight hardware.

Merkle believes that nanotechnology will usher in the Diamond Age, an age as important as Stone, Bronze, Iron and Silicon. "Diamond is 50 times stronger than steel, it is light, it makes an excellent semiconductor, its heat conduction is excellent. It is the all-round ideal material," he says.

How far away are the promises of nanotechnology? Drexler believes "it may be 15 to 20 years away". He adds: "We are talking about a technology that is inevitable, a technology that will have a greater impact than the industrial revolution on a much shorter timescale, yet we are doing nothing to prepare for it."

Merkle is optimistic about development prospects: "I don't know when we will have these capabilities, but if you take a look at how quickly chip manufacturers are shrinking their chip designs, and you look at the rate that manufacturing technologies are improving their resolution, and you consider the rate at which power consumption of individual transistors is declining; if you chart these rates as straight lines, they all converge in the 2010 to 2020 timeframe."



20th Century Fox, courtesy of Kobal

Fantastic Voyage: film fiction may soon become fact

In the meantime, nanotechnology researchers are busy designing the computers and molecular machines that they believe will be built one day.

Nanotechnology research is being carried out by small groups of scientists around the world. Japan recently began a 10-year, $200m (£133m) research programme. But so far there has been no large-scale organised effort, despite what some researchers see as its great promise.

Commercial interest is growing in the subject, and the northern California area is emerging as a focal point for commercial and academic work. Nanothinc, a San Francisco based company was recently formed to disseminate information on nanotechnology and to help identify investment opportunities.

Paul Green, Nanothinc chairman, describes nanotechnology as "the mother of all technologies". But right now it is a technology that is attempting the difficult transition from the theoretical to the practical.

Eric Drexler, while optimistic about development, is also concerned about the wider impact on trade, jobs and economies of a technology that could make virtually any product 100 times cheaper and with a quality at least 10 times better. "Nanotechnology is inevitable. There is no one arguing that it won't happen. Therefore we must begin to plan on its use and how it will change our societies."

Steeled for success

The Japanese are working on cheaper and cleaner smelting, writes **Arnold Redhead**

At NKK's Keihin steel complex on a man-made island in Tokyo Bay, nine researchers from seven Japanese steel companies are working on a technique they hope will produce a cheaper, cleaner and more efficient way of making steel.

The researchers are in the penultimate year of an eight-year project sponsored by the Japanese government to research the commercial viability of direct iron ore smelting, which eliminates two of the most expensive and messy parts of steel-making.

The Japanese are one step ahead of countries such as the US and Australia in the race to commercialise the process, according to Ken Kanamori, a senior engineer from Nippon Steel, who is leading the project. The Japanese team say they have successfully produced pig iron at a pilot plant built next to a conventional blast furnace NKK shut down because of recession.

In conventional processing, a standard blast furnace requires the two raw ingredients – coking coal and iron ore – to be processed separately before they are put into the furnace to make molten iron. Coking coal is turned into burnable coke by baking in ovens. Raw iron ore is converted from its powdered state into lumps in a process called sintering. The two materials are then transferred to the blast furnace to be melted into pig iron, which is processed into steel.

The Japanese group has removed the need for the separate coking ovens and sinterers by building a blast furnace with two smaller furnaces attached to the top, one above the other. The iron ore powder is poured into the top of the structure and passes through the two small furnaces where it is sintered using gases generated when ordinary coal, rather than coke, is put directly into the main chamber and burned. The iron ore passes through the two furnaces at the top and mixes with the coal in the main furnace to produce pig iron.

"We estimate that the cost of producing steel can be cut by around 10 per cent using this method," Kanamori says. He adds that coking ovens and sinterers are the biggest investment a steel company must make. Since Japan's top five steel makers are expecting to lose a collective Y123bn (£779m) in the six months to September they are likely to consider the Y15bn project (75 per cent of it from the government) as money well spent.

The pilot plant produced 500 tonnes of pig iron in a trial run earlier this year. The test used 800 tonnes of coal against the 840 tonnes of the more expensive coking coal normally needed to produce the same amount. The team says the pig iron can also be fed into electric arc furnaces used by mini-mills.

Kanamori says the quality of the pig iron is almost the same as that from a regular blast furnace. But it is likely to take at least another 10 years before the process is able to produce steel in large enough quantities to be commercially viable.

Worth Watching · Vanessa Houlder

Recognition for continuous speech

The first speech recognition system that can deal with continuous speech was announced by Philips Electronics of the Netherlands this week. Although such recognition systems have been available for several years, they have been difficult to use for dictation because they relied on pauses between words.

The Philips technology depends on the recognition of phonemes, the smallest acoustical component of a language. The system, which must be trained to the user's voice, draws on knowledge of how words are pronounced and how sentences are put together to recognise text.

Philips researchers in Vienna and Aachen have used the technology in a dictation system for radiologists. The system, which has a vocabulary of 25,000 words, recognises normal speed speech and converts it into text.

Philips Dictation Systems: UK, tel 01206 755600; fax 01206 755666

Sparing cats the unkindest cut

A vaccine for neutering male cats has been developed that could avoid the trauma of surgical castration. The vaccine, which was designed by Proteus International, a specialist in computer-aided drug design, has undergone trials which shows that it stops sperm production and reduces testosterone levels in tom cats.

The vaccine interferes with the action of GnRH, a hormone which stimulates the pituitary gland to produce hormones that trigger the production of testosterone. It uses an analogue of GnRH which stimulates an immune response that prevents GnRH from stimulating the pituitary gland.

Further tests are being conducted to examine how long the vaccine lasts and whether its effects can be reversed. Proteus, which is in talks with a number of potential partners, believes its use could be extended to neuter female cats, dogs and cattle.

Proteus International: UK tel 0625 500 555; fax 0625 500 666

Shell's smart way to score points

Shell UK has launched a smart card scheme to promote petrol sales, which it describes as the world's largest electronic points collection scheme.

More than 3m petrol buyers are expected to use the smart cards to collect points for gifts, flights, entertainment or charities. The points, which are stored on a microchip inside the card, can be processed by more than 1,800 electronic terminals in UK service stations.

Shell believes it is the largest retail use of smart card technology in the country.

The cost of handling electronic transactions is expected to be far less than processing the paper vouchers and stamps used previously.

Shell UK: UK, tel 071 257 4444; fax 071 257 5549

Cartilage cells clue to treatment

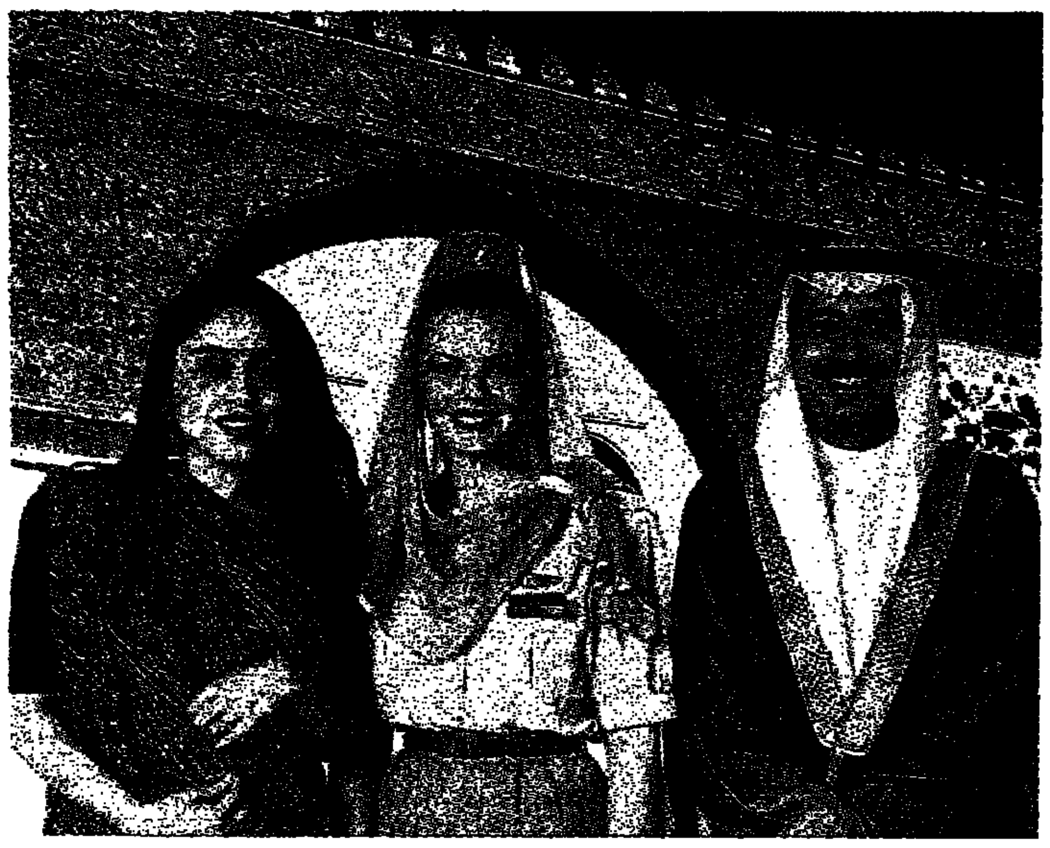
Swedish researchers have successfully transplanted laboratory-grown cartilage cells into injured knees. The findings hold out hope that this method of repairing cartilage defects could help arrest the development of osteoarthritis.

The research, described in the *New England Journal of Medicine*, involved surgically removing a small amount of each patient's healthy cartilage, which was then grown in tissue culture. The cells were surgically put into the patient's damaged knee.

The results of the treatment of 23 patients were described as "highly promising" by the research team at the University of Gothenburg's Research Centre for Endocrinology and Metabolism and Sahlgrenska University Hospital in Sweden.

The scientists are now collaborating with BioSurface Technology, a US specialist in tissue engineering products, to conduct clinical studies.

Sahlgrenska Hospital; Sweden, tel 4631 602230; fax 4631 821524



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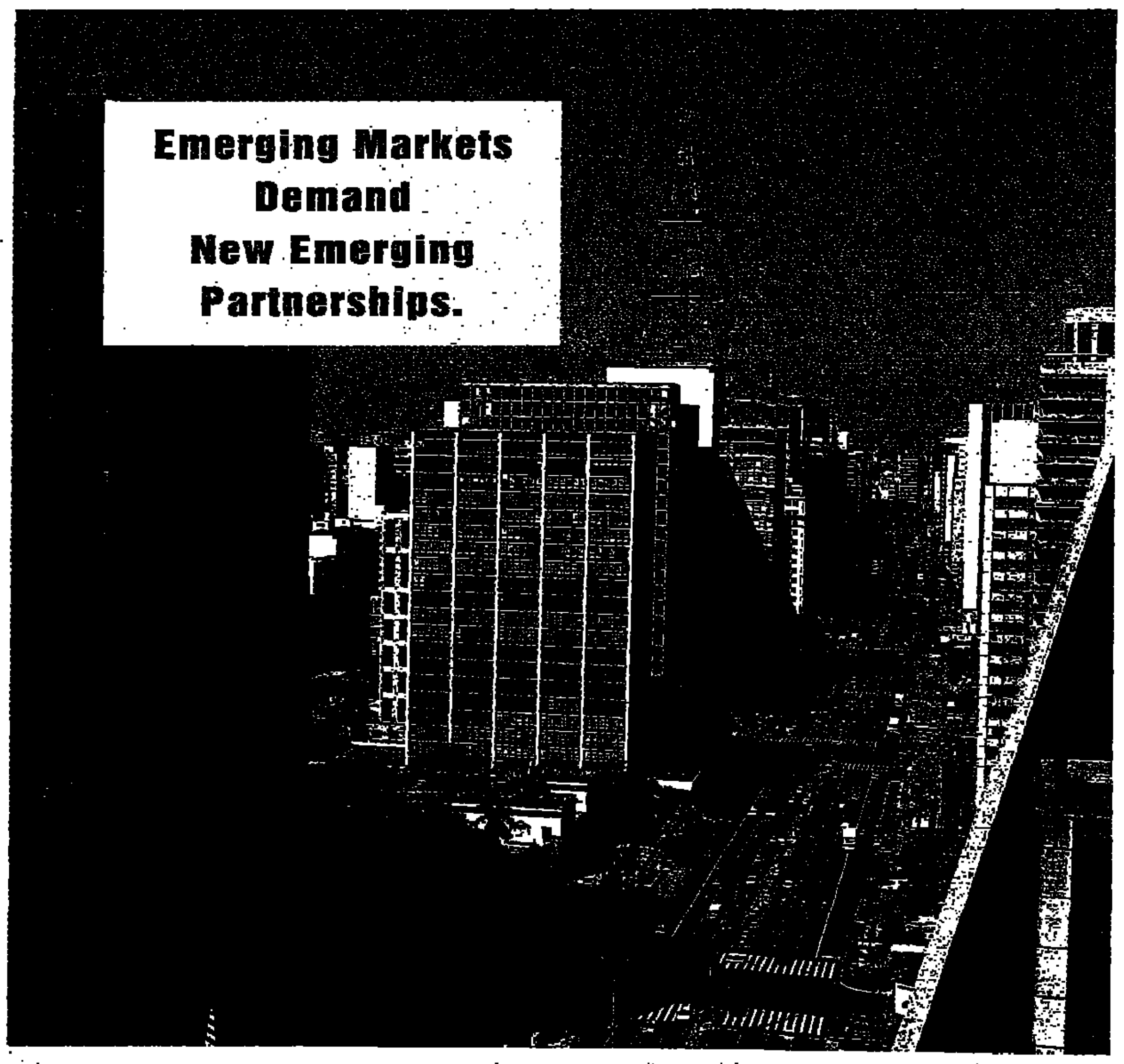

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ARTS

Sponsorship/Antony Thorncroft

Clients queue up for incentive cash

Next month the Association for Business Sponsorship of the Arts will announce its estimate of corporate expenditure on arts sponsorship in the UK in 1993-94. The figures are unlikely to show much change from the previous year, when, for the first time in two decades, spending dropped, by 13 per cent to £57.7m.

If the arts have managed to hold their own this will be some achievement. Overseas, especially in the US, sponsorship has not recovered from the recession and many arts companies are suffering badly.

In another repeat of a year ago, the arts outside London have proved more successful in attracting support, especially from smaller companies new to the game, while the big London flagship organisations are still finding it difficult. The desire to see sponsorship money work, with a marketing pay off, is growing, but corporate subscriptions to arts companies, offering seats for the boys on the board, are harder to justify these days.

Ironically, while the overall sponsorship spend is marking time, applications from new sponsors to the Business Sponsorship Incentive Scheme are running at record levels, up to 60 a month. The government financed scheme, operated by ABSA, has £4.8m this year with which to match the contributions of new sponsors (with lesser deals for repeat sponsors). It has proved an effective trigger for attracting business: in the ten years of its existence the government has contributed around £26m while persuading companies to give £52m to the arts.

So great is the weight of applications that the BSIS cannot satisfy everyone, and companies currently seeking help can expect cuts of between 30 and 40 per cent in matching money. This is causing real problems: the BSIS contribution is often built into the sponsorship, being earmarked for advertising, or for an educational project. Sometimes sponsors make up the BSIS shortfall; sometimes they withdraw from the sponsorship, or delay the deal. Small sponsors giving up to £5,000 are so far unaffected.

ABSA hopes that the obvious success of the BSIS will encourage the government to increase its funding in 1994-95: after a 7 per cent rise last year the grant is scheduled to be frozen. Extra money will save ABSA embarrassment, for while most applications are being scaled down, some, including a few in the new top category of £35,000, are allowed through. There are cries of favouritism.

ABSA obviously wants to encourage sponsors in imaginative experimental areas avoided by play-safe companies. That is why it has just given Michelob, the American brewer, £35,000 to raise to over £100,000 its support for the Michelob Pioneer Programme, which enables small to medium sized theatres to receive better funded work from visiting companies.

Among the seven venues to benefit are the Young Vic, the Traverse in Edinburgh, and the Contact in Manchester and the companies getting much needed additional funding from Michelob include Gloria, IOU and Phoenix Dance.

Another sponsorship to receive the full £35,000 is the syndicate backing the Romanian National Opera which is currently touring the UK. While most of the £2m funding has come from a mysterious Romanian multi-millionaire, around £200,000 was raised by companies with an interest in Romania, like East Coast Travel, Shell Romania, Price Waterhouse Romania, etc.

The aim is to perpetuate the package, with the sponsors continuing to help the opera company on its return to Bucharest, forming, in effect, a nascent ABSA-Romania, a concept dear to the heart of ABSA's director, Colin Tweedy.

There may be good reasons for ABSA's generosity in these cases, but in the small and gossipy world of sponsorship they have aroused some bitterness, especially the award to a foreign arts company. The fact that Paul Hudson, who heads the BSIS at ABSA, visited Romania before the grant was made has not helped.

The Tricycle Theatre's "Pay What You Can" scheme has been saved by Loot, appropriately enough. For the last four years on Monday nights and Saturday matinees, the unemployed, students, disabled, and the old could see a show at this north London theatre for as much, or as little, as they wanted to pay: a penny would get you in.

The idea brought a new and needy audience to the theatre, and was copied by Contact in Manchester and, just recently, by Battersea Arts in London, but was proving costly in an era of frozen grants. On average the contribution at the door was £2.25, well down on the average ticket price of £7.

But Loot, London's free advertising newspaper, is making up the difference for the next year at a cost of around £9,000. This is its first sponsorship, but its offices are nearby and there is a natural link between free advertisements and free access.

★

A series of six lunch time concerts of 20th century British music in City churches may not look ground-breaking, but the fact that they are backed by the HSBC with around £40,000 (plus £25,000 from the BSIS) is important. HSBC, better known as the Hong Kong & Shanghai Bank, acquirer of the Midland, rivals Glaxo as the UK's second largest company. It has never got into sponsorship before but wants to promote its new identity. Its commitment will grow. The concerts are free, involve the City of London Sinfonia, and contain three new works commissioned by HSBC. The next will be on November 9 at St Katherine Cree.

★

CEREC reports that 61 per cent of arts organisations would currently accept tobacco brand sponsorship, but few actively seek it . . . The Visual Arts UK Festival, to be held in the northern region, has attracted over £50,000 in sponsorship from Air UK which will act as official airline, fly in artists, and carry the Visual Arts UK logo on its aircraft . . . BP is renewing its £100,000 a year support for the Portrait Award at the National Portrait Gallery until 1997 with an option until 1999 . . . the National Trust has attracted £1m partnership support from the Rover Group.

Theatre/Ian Shuttleworth

Goldoni at full tilt

Michael Bogdanov's production transfers from The Swan at Stratford with his most frustrating hallmark intact; a keen and often audacious grasp of the big picture coupled with a tendency to let individual details slip sloppily by and undermine his overall vision.

Two hundred years ago Carlo Goldoni's *The Venetian Twins* was the first *commedia dell'arte* play successfully to be staged with the actors neither wearing masks nor improvising freely among the basic scenario, but following a set script.

For the most part Bogdanov goes full tilt for the *commedia* flavour, modulated for modern sensibilities after the example of Dario Fo. Actors do not just soliloquise at, but banter and interact with the audience – culminating in a sequence in which a supposedly hapless punter in the front row is accidentally stabbed during a duel, cueing a stage invasion by police, ambulancemen and even a couple of curious actors from the show in the Pit.

Audience contact is aided by Bogdanov and designer Kendra Ullart's solution to recreating the intimacy of the smaller Swan space: they simply sit a couple of dozen punters on the Barbican stage, some at pavement tables of a Veronese bar.

David Troughton is both the linchpin of these diverse frolics and the primary source of the energy which sustains the play's central premise through almost three hours; he plays the Twins Zanetto and Tonino, sundered years back and both coincidentally arriving in Verona to wed their respective beloveds.

The ensuing confusion, both romantic and financial (as one twin walks off with the other's riches and so forth) is straight out of Plautus via *The Comedy of Errors*. But Troughton, as both the Venetian roué Tonino and the Bergmot bumpkin Zanetto, puts his back into the quick changes, slapstick and ad libbed topical asides – perhaps too much so: on the press night, one caught a distinct whiff of the rehearsed fluff, with Troughton deliberately tripping over lines for the sake of another giggle.

Such excess is forgivable because he carries the show virtually single handed. This is where Bogdanov's big idea becomes unstuck. Actors simply do not accommodate each other's rhythms and energy levels in the way that would elevate the production from simply nodding acknowledgment at *commedia* to actually doing it.

The women in particular (Sarah Woodward and Jenny Quayle as the wives-to-be and Sian Radinger as a supposedly feisty maidservant), make no attempt to grab a slice of the action for themselves, but are content to be pulled along by the action – lazy acting at the best of times, and verging on the disastrous in such a play as this. Only James Hayes, as a deadpan Irish manservant, carves a niche of his own to rival Troughton's towering exuberance.

Modish contemporary sensibilities also ruin the ending. We all realise that the death of one of the twins is merely a device to prevent the lead actor from having to bi-locate himself during the *dénouement*; yet, if the resolution contains elements of potential shadow, current tastes dictate that the darkness control be turned up to 12 if at all possible. Bogdanov, alas, does not shirk this impulse. Consequently, as the artificial gloom gathers at the close, the audience is left vainly trying to feel guilty about its earlier guffaws, before growing just plain bewildered at an allegedly grotesque, but simply gratuitous masked epilogue.

David Troughton's effervescent twin performances are indubitably worth a look: it would have been nice if more of the production had backed him up.

At the Barbican Theatre, (RSC) 071 638 8891.

Alastair Muir

David Troughton: his effervescent performance carries the comedy

Music in London/David Murray

Mahler, and too much more

On Wednesday the Barbican Hall's Mahler cycle reached the Third Symphony (repeated last night). And very impressive it was; but it would have seemed still better had it stood alone, instead of following two extraneous pieces in an over-egged programme. One admired the stamina of Michael Tilson Thomas and the London Symphony, but regretted not having more of it oneself.

Nemesis came at the quietest moment of the Adagio finale, when a solo flute asks a tremulous question before the ultimate climax. In the hush, two women decided that they had to leave – doubtless for the last train home: the programme had already overrun its time half an hour – and struggled out, *clop clop clop*! It was a pity, but it was inevitable.

Mahler strove regularly after an ideal, the symphony that would make a whole concert – a whole expressive world – by itself. Here, before the unnecessary interval we had already had two superfluous *bonnes bouches*. An early Brahms set of Romantic songs, op. 17, for women's voices with pairs of harps and horns, was entirely charming. After an elaborate re-peopling of the stage, we heard George Benjamin's brief *Jubilation*, an ILEA commission from 1985 for extravagant forces including a steel band. It tickled the ear, but made no jubilant report: some misfire there.

For the sake of these 20-odd minutes of music plus interval, we had to wait more than an hour before the Mahler Third began. Can interval-sales at the bar really be so important? But the symphony did begin resplendently, with eight horns flinging out their unison challenge; and in fact Tilson Thomas held our attention in thrall to the end.

Along with the Seventh, the Third used to be the Mahler symphony least favoured by performances. Too wild and disparate, it was thought, and the finale too dangerously near to *kitsch*; and yet it now sounds like a mainstream masterpiece. How much our ears have changed! Tilson Thomas made the long first movement properly overbearing and barbarous, but never strident. The "minuet" was artfully prinked out, the scherzo brilliantly spring-heeled and varied.

As in the Second Symphony last week, Nathalie Stutzmann was the superb contralto soloist, heartfelt and plangent in both the Nietzsche movement and the *Wunderhorn* one with the London Symphony Chorus and the excellent Southend Boys' Choir. And the Adagio was a tour de force: rigorously sustained and gripping, but interpreted with a wealth of discreet, canny freedoms. Not the most affecting performance I've heard – but colossal, magnificently thought through. The orchestra deserved unlimited praise.

Thursday's concert sponsored by Nikon UK Ltd.

Tallis Scholars reach the masses

Richard Fairman hears works by two very different early music composers

Earlier this year the Tallis Scholars took their Palestrina to Rome. Below the golden renaissance ceiling of the Basilica di Santa Maria Maggiore the group had been invited to celebrate the 400th anniversary of Palestrina's death at the heart of the city where he lived and composed.

This was not a private occasion: Gimell, the company set up as the recording arm of the Tallis Scholars, has issued a live recording of the event on CD and video, and plans that the video will be sold to television companies worldwide. A follow-up concert held in the Sistine Chapel, to celebrate the end of the cleaning of Michelangelo's "Last Judgment", was shown live on Italian television and subsequently broadcast in Japan.

Early music – even unaccompanied sacred music – has become big business. To those who knew this music solely within a religious context it must be puzzling or even disturbing to watch it being opened up to mass audiences, researched, recorded, marketed, broadcast in the same manner as any other public music.

Founded in 1973, the Tallis Scholars were early into the field and have never let that advantage slip. There is no group to touch them for quality and professionalism – least of all in Italy, where interest in the great Italian heritage of Palestrina and even Monteverdi was long ago swept away by enthusiasm for the Italian opera composers of the 19th century. After Rome the Tallis Scholars have returned to London. Peter Phillips, the group's founder, is keen to remind us that not only Palestrina but also Lassus died in 1594 and has put together a series of concerts pairing these two very different composers.

At the Queen Elizabeth Hall on Wednesday the first programme included Palestrina's *Missa Papae Marcelli*, his most celebrated work, and Lassus's Penitential Psalm No. 2. Setting Palestrina at his most lucidly radiant face to face with the darker, more personal probing of Lassus – the sunlit South of Europe opposed to the gloomy, introspective North – could hardly have made the contrast between them more striking.

The performances, directed by Phillips, were as flawless as ever. The Tallis Scholars' characteristic sound, bright and penetrating trained voices with no vibrato, was accentuated by the dry acoustic of the QEH, where even the vowels (the "e" of "et resurrexit") started with a kick. One way or another there was a concentration about the singing that set it apart from the devotional atmosphere of worship. Perhaps that is inevitable when this music enters the public, professional arena.

The Palestrina and Lassus series continues during the winter at St. John's, Smith Square.

INTERNATIONAL ARTS GUIDE

Asger Jorn retrospective

A retrospective of the Danish artist Asger Jorn (1914-1973) opens tomorrow at Amsterdam's Stedelijk Museum. It includes 100 paintings and a large number of drawings by an artist viewed by many as one of the greatest of the second half of this century.

Paintings have been selected from leading museums and private collections, including the Tate Gallery in London, the Guggenheim in New York and the Lenbachhaus in Munich. Several are not customarily loaned out, but occupy a central place in Jorn's oeuvre - including Lettre à mon fils (1956-7), Stalingrad (1956-72) and Hors d'Age (1972).

Jorn's paintings are inhabited by mythical figures, strange animals and human faces. Abstract and figurative forms are closely and sometimes inextricably interwoven. The titles are lyrical and evocative, but Jorn always warned against reading them as explanations. No deliberate symbolism is to be found in the paintings. According to Jorn, the most important thing in Northern art is not concept but mood, given shape by an inner strength.

The Stedelijk show runs till November 27.

■ **EXHIBITIONS**

AMSTERDAM

Rijksmuseum The Renaissance Print 1470-1500. Ends Oct 30. Closed Mon

BARCELONA

Fundació la Caixa Between Presence and Representation: 19 works by Spanish and foreign artists, mostly dating from the 1980s. Artists represented include Judith Barry, Tony Cragg, Anish Kapoor and James Turrell. Ends Nov 6

BASLE

Kunstmuseum Fernand Léger (1881-1955): an exhibition focusing on the major creative period from 1911 to 1924. Ends Nov 27. Closed Mon

BERLIN

Brücke Museum Early Kandinsky: a survey of a little-known period in the German Expressionist's development. Ends Nov 27. Closed Tues

Altes Museum Eldorado: pre-Columbian gold treasures from South America. Ends Jan 8. Closed Mon

BREMEN

Kunsthalle Toulouse Lautrec's Paris Nights: 200 paintings, posters and drawings from the 1890s. Ends Jan 22. Closed Mon

BRUGES

Groeningemuseum Hans Memling: a 500th anniversary show grouping some 40 works by the 15th century Flemish master. Ends Nov 15

DRESDEN

Kupferstich Kabinett James McNeill Whistler: all 62 exhibits were collected in Dresden between 1892 and 1919, and are being shown for the first time. Ends Nov 25. Closed Sat and Sun

Albertinum Christian Friedrich Gille (1805-1899): the most comprehensive exhibition yet devoted to the 19th century German landscape painter. Ends Nov 27. Closed Thurs

FRANKFURT

Schirn Kunsthalle Nicholas de Stael (1914-55): retrospective of the Russian-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily

Jahrhunderthalle Hoechst Contemporary Art from Frankfurt Banks: major works by Hans Arp, Georg Baselitz, Rebecca Horn, Anselm Kiefer, Sigmar Polke, Andy Warhol and many others from the 1950s to the present day. Ends Nov 20. Daily

Deutsches Architekturmuseum Contemporary Architecture in Brazil. Ends Nov 6. Closed Mon

LONDON

Hayward Gallery The Romantic Spirit in German Art 1790-1990. Ends Jan 8. Daily

Royal Academy of Arts The Glory of Venice. Ends Dec 14. Daily (advance booking 071-240 7200)

British Museum Greek Gold - Jewellery of the Classical World. Ends Oct 23. Daily

Courtauld Institute Conrad Felixmüller (1897-1977): drawings by the major second-generation German Expressionist. Ends Oct 30. Daily

Heinz Gallery Charles Rennie Mackintosh - The Chelsea Years 1915-23. Ends Oct 29 (Royal Institute of British Architects)

LUGANO

Museo Cantonale d'Arte Corot: more than 120 paintings and sketches. There are some early Impressionist studies from his Italian visits, but the show consists mainly of studio works from his later years, which look back to the classical landscape style rather than forward to Impressionism. Ends Nov 6. Closed Mon

LYON

Musée des Beaux-Arts Maurice Denis: the first retrospective in France since 1970, with more than 200 canvases, sketches and objets d'art by the Nabis artist. Ends Dec 18. Closed Mon and Tues

MADRID

Fundació la Caixa Kandinsky and Mondrian - Two Roads Toward Abstraction: the show covers the years 1911-20, and aims to illustrate the parallels and differences in their stylistic evolution. Ends Nov 13 (after which it will transfer to Barcelona). Closed Mon

Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum. Ends Jan 22. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany: 100 paintings by Munch, plus works by German artists who influenced him, and by early Expressionists who found inspiration in works like The Scream. Ends Nov 27. Daily

Lenbachhaus Tanzania: more than 400 masterworks of African sculpture. Ends Nov 27. Closed Mon

NEW YORK

Metropolitan Museum of Art Origins of Impressionism: a landmark exhibition of 175 paintings by Parisian artists of the 1860s, illustrating the influences that artists such as Courbet, Degas, Manet, Monet, Renoir and Cézanne had on each other, the harmony of their talents and the artistic dialogues that were created as they sought to develop a thoroughly modern art. Ends Jan 8. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. William de Kooning's Paintings. Ends Jan 8. Closed Mon

Guggenheim Museum The Italian Metamorphosis 1943-1968: a survey of visual arts in the postwar period, focusing on a period when Italy became a leading exporter of culture, and Italian design and style became synonymous with innovative quality. The exhibits include Arte Povera paintings, fashion designs by Valentino, models of significant architectural monuments and artists' jewellery. Ends Jan 29. Japanese Art After 1945: a comprehensive history of Japanese avant-garde art over the past 50 years (at SoHo). Ends Jan 8. The main museum is closed on Thurs, the SoHo site on Tues

Museum of Modern Art Cy Twombly (b1929): retrospective of the American artist who moved to Italy in 1957. Ends Jan 10. The Prints of Louise Bourgeois: 140 works by one of America's most distinguished contemporary artists. Ends Jan 3. Mapping: paintings, drawings, photo-composites and sculptures by around 20 artists, including Giorgio de Chirico and Jasper Johns, exploring the ways in which modernists have made map imagery a principal focus of their work. Ends Dec 20. American Politicians: 150 rare photographs examining the ways in which photography has illustrated American politics since Abraham Lincoln's time. Ends Jan 3. Closed Wed

PARIS

Grand Palais Poussin: this 400th anniversary retrospective brings together 140 drawings and 100 paintings, including the two sets of Seven Sacraments and some of Poussin's finest paintings on classical and biblical themes. The overall impression is of contradictory inspiration - the Bible and Ovid; contradictory themes - cruel battles and pastoral idylls; contradictory means - floating draperies and bodies of sculptured perfection. All are underlined by the use of strong reds, yellows and blues, and united by the personality of the philosopher-painter. Ends Jan 2. Gustave Caillebotte (1848-1894): retrospective of by the painter and patron of art who belonged to the circle of Impressionists more by the modernity of his subjects than by the actual impressionist technique of painting. Ends Jan 9. Closed Tues, late opening Wed

Musée d'Orsay Forgotten Treasures from Cairo: a surprisingly rich collection of works by Ingres, Courbet, Monet, Rodin and Gauguin, most of which were bought during the 1920s wave of commercial expansion and subsequently placed in Egyptian national collections, where they have remained largely unnoticed. Ends Jan 8. Closed Mon

Louvre From Across The Channel - British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner, plus other drawings, watercolours and engravings. Together they add up to a panorama of British art. Ends Dec 19. Closed Tues (Hall Napoleon)

Musée Carnavalet The English in Paris in the 19th Century. Ends Dec 5. Closed Mon (23 rue de Sévigné)

STOCKHOLM

Nationalmuseum Goya: a comprehensive picture of the 18th century Spanish master, with a total of 50 paintings and 60 prints. Most have been lent by public and private collections in Spain, including Colossus from the Prado and Arrest of Jesus from Toledo Cathedral. Ends Jan 8. Closed Mon

WASHINGTON

National Gallery of Art Milton Avery (1893-1965): 67 works on paper by the American artist. Ends Jan 22. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists. Ends Nov 27. Daily

WOLFSBURG

Kunstmuseum Man Ray: more than 60 photographs by the American master of the enigmatic and the unusual, mostly dating from 1919-1949. Ends Jan 15. Jean-Marc Bustamante (b1952): a collection of large steel sculptures by the French artist. Ends Nov 27. Closed Mon

In sickness, or wealth

Daniel Green on mergers and cost cutting in US healthcare

The consolidation of the US *healthcare* industry is continuing, despite the failure last month of President Clinton's proposed healthcare reform legislation.

This week's acquisition by Columbia/HCA Healthcare, the biggest hospitals group in the US, of HealthTrust, owner of the second-largest hospital chain, is part of a wave of mergers and acquisitions in the industry. There were 51 US healthcare mergers and acquisitions in the first six months of 1994 alone, according to KPMG, the accountants.

It is also the third takeover by Columbia in 15 months, transforming the Texas-based group from a company owning 23 hospitals to one with 311 and almost 5 per cent of the hospital beds in the US.

Other recent deals have included acquisitions worth $765m by the Tennessee hospital group OrNda, the purchase of 47 psychiatric hospitals for $200m by Charter Medical of Georgia, and the sale by California's National Medical Enterprises of 28 rehabilitation hospitals and 45 outpatient centres to Healthsouth Rehabilitation of Alabama for more than $300m.

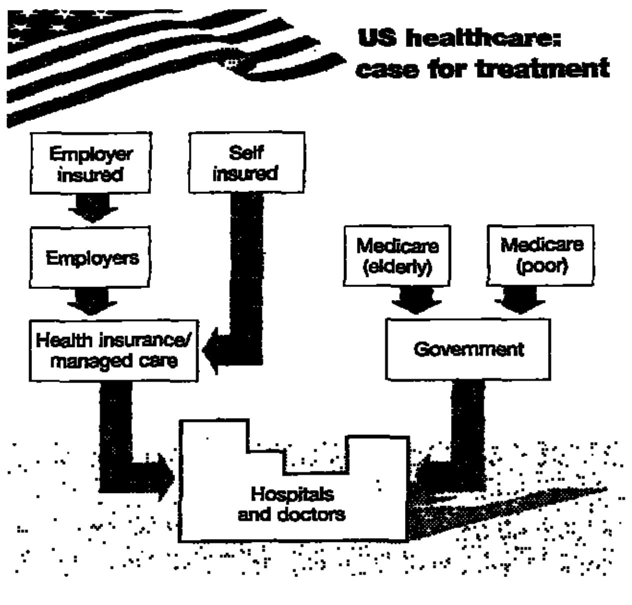
The upheaval is not confined to hospitals. Health insurers are merging. Wall Street financiers are building empires in residential care for the elderly. Surgery departments are offering cut-price heart bypass operations. The legendary salaries of US doctors are under attack. Ambulance companies are being touted as the next big merger area.

This is happening without the intervention of Washington. President Clinton has postponed plans for healthcare reform to next year. But the healthcare industry is continuing to change rapidly, largely in pursuit of lower costs.

At stake is the $600bn a year of revenue paid to US hospitals, nursing homes and doctors. This is 9 per cent of GDP and more than most European countries spend on their entire health services.

The main reason for the high costs is inefficiency, says Mr Eran Broshy, a vice-president of Boston Consulting Group in New York. "There are 35 to 40 per cent too many beds in America," he says. "Hospital groups must get bigger to make sure they get business with eventually perhaps only three to five groups per large metropolitan area."

Overcapacity in other industries would quickly lead to price cuts. But this has only just begun to happen in healthcare where prices allow hospitals to make a profit with only 40 per cent of beds occupied.



Pressures for mergers date from the 1980s when employers began a drive to cut the cost of healthcare insurance for their employees. It started on the west coast, with employers contracting with "health management organisations" (HMOs) to negotiate cost-cutting deals with doctors and hospitals.

The success of this "managed care" in controlling costs soon attracted the attention of the health insurers, who adopted a similar approach.

In some parts of the US, managed care has had a dramatic effect on costs. In Minnesota, about one third of the population is now treated under managed health programmes. Largely as a consequence, the city of Minneapolis-St Paul in Minnesota has lost more than 40 per cent of its hospital beds over a decade.

In more conservative eastern regions such as New York and North Carolina, managed care reaches only between 5 and 15 per cent of people. As a result, the number of hospital beds in, for example, New York has fallen by less than 5 per cent in the last 10 years.

This feeds directly through to costs. The annual per capita cost of healthcare in California is now around $1,900 compared with $2,200 in New York, according to Boston Consulting.

Managed care changes the nature of competition between hospitals, says Mr George Halvorson, former chief executive of Minnesota HMO HealthPartners. Rival hospitals used to compete to buy the latest high-technology services and eminent doctors. This encouraged them to perform as many treatments as possible to cover the costs.

Companies such as Columbia try to eliminate duplication of overheads and services in nearby hospitals. Mr Richard Scott, the chief executive officer, estimates annual savings of $125m from the latest merger alone.

Large hospital groups can also make use of their increased buying power. Even before yesterday's deal, Columbia/HCA's renegotiation of supply contracts had yielded savings of $60m a year.

Doctors' practices are also merging to cut duplication and increase buying power. Wall Street private investment firm Welsh, Carson, Anderson and Stowe is one of several groups that acquire doctors' practices and merge them.

As well as bringing economies of scale, mergers help in controlling the costs of treatment. Larger groups can build up statistical databases on doctors' prescribing and referral habits. Doctors who require significantly more overnight hospital stays for their patients than average, or who prescribe too many expensive drugs, are asked to change their habits.

"We want to see fewer days of hospital stay per thousand of population," says Mr James Hoover, a partner in the firm.

Among the victims of these changes are hospital doctors whose fees are being closely scrutinised along with other costs. Bellevue hospital in New York, for example, this summer signed a deal with the Prudential insurance company to do between 100 and 150 heart bypass operations a year on the insurer's policy holders. Prudential is paying a flat fee of less than $35,000 per operation instead of being billed the sum of fees from staff and materials that would typically be twice as high. The doctors at Bellevue receive a proportion of the fees earned, less per operation than when they billed for services.

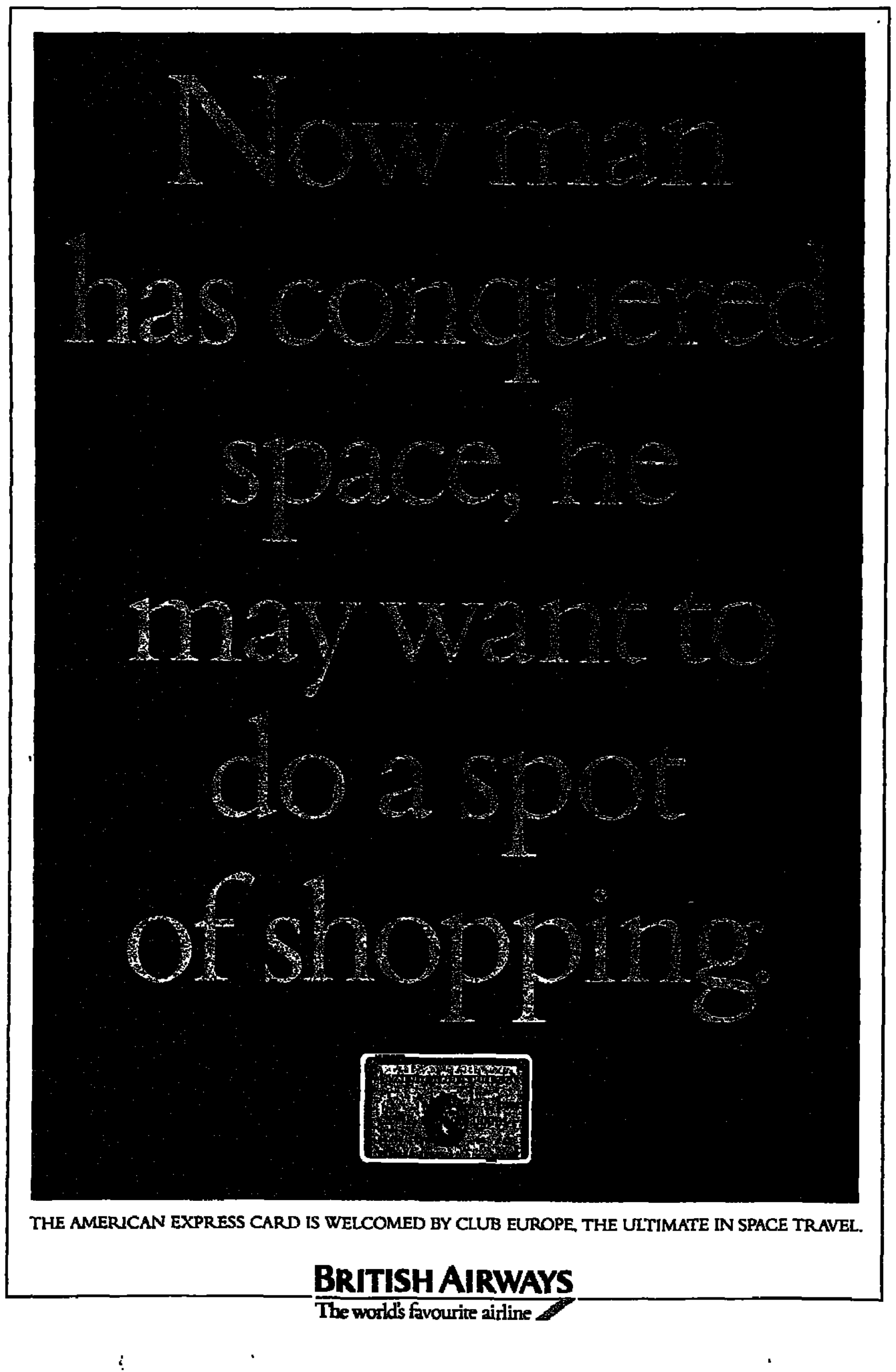
This flat-rate fee system can be extended to cover all medical needs. For a flat fee per head, called a capitation payment, a hospital agrees to look after all the hospital needs of a group of people.

One example of this approach is the agreement made in July by a Florida-based health management organisation, Physicians Corporation of America, with the Los Angeles-based hospital company Salick Health Care. In return for an annual per capita fee, the 319,000 members of PCA's schemes receive comprehensive cancer coverage.

It is now in Salick's interest not to treat people unnecessarily and to introduce preventative healthcare to cut the proportion of members likely to suffer from cancer.

The use of capitation fees to pay for healthcare is growing throughout the advanced economies. The UK government for example, allocates resources to the National Health Service largely on a per capita basis.

The trend towards payment for healthcare through capitation fees is likely to continue in the US, forcing further moves to save costs in the industry. With it, the wave of mergers and acquisitions looks set to continue.



Joe Rogaly

Echoes of Tory voices

The attractive face of conservatism was presented at the Labour conference in Blackpool this week. We may see its unattractive face on display at the Tory conference in Bournemouth next week. This has nothing to do with personalities. Mr John Major is no less decent than Mr Tony Blair, but, as to policy, the prime minister is constrained by circumstance. He has little choice but to trundle along the ideological tram-lines set in the later 1980s. The leader of the opposition is free to try to tug his party towards the gentler form of conservatism that better suits the English temperament.

He calls it social-ism, but its values have often been prescribed by Tories from Disraeli onwards. My primary text today is therefore not the stunning speech delivered by Mr Blair on Tuesday, evocative as that may be. It is, rather, *The Right Approach*, a statement of Conservative aims agreed in 1976 by a conclave representative of all wings of the party, with the "wets", as they were called, predominant. The resulting document constituted the intellectual inheritance of the then Mrs Margaret Thatcher, a new, young, energetic leader of the opposition. "It is the task of the Conservative party today to restore hope and confidence to a disillusioned British people," the authors began, nearly two decades before Mr Blair's "we meet in a spirit of hope".

Some readers may remember the 1976 paper as an assertion of rightwing hard-headedness, and a rejection of the corporatism of the later Heath years. It does not read like that today. It notes that Tories "are not blinkered by a socialist ideology that assumes the omnicompetence of the state ...", a claim that Mr Blair might make on behalf of "new Labour". More helpfully for my thesis, *The Right Approach* states that "man is both an individual and a social being". If all society had to do was provide a framework of laws within which individual opportunities could flourish, the paper acknowledged, then other things in which Conservatives believed – patriotism, loyalty, duty – would be meaningless.

The corollary is clear. "Man is an individual, answerable to himself," as our pre-feminist authors put it. "But he is also a citizen, the member of a complex network of small communities which go to make up society – family, neighbourhood, church, voluntary organisation, workplace and so on." There you have it. The essence of *The Right Approach* is compatible with what Mr Blair had to say on Tuesday. "It is not this or that minister that is to blame," he told the Labour conference, "it is an entire set of political values that is wrong. They fail because they fail to understand that a nation, like a community, must work together in order for individuals within it to succeed."

The way Mr Blair sees it, we are at a turning point in political history, just as we were in 1979. The Tories' adventure has run its course

Zip back to 1976. "What we have to set out, and it is in the main stream of Conservatism ...," our social Tories wrote, "is a political philosophy that goes beyond the state and the individual, and begins to express in human terms the complex network of reciprocal rights and duties in an orderly society." I do not propose to stretch this piece of elastic further than it can stand. *The Right Approach* is echoed by Mr Blair in many places, including the passage in which it calls for devolution of legislative powers to Scotland, but much of it is dated, suitable to the preoccupations of the 1970s. Large chunks of it would stick in the gullet of even the most modernist Labour leader. The point, described by Mr Blair as "fundamental", is that today's Conservative ministry has trapped itself on the shores of free-market minimalism, which is not where the electorate could have imagined it was heading when it fled from socialism and trade union thuggery in 1979 and not where it wants to be stranded today.

Some voters may have been influenced by a second Tory paper, *The Right Approach to the Economy*, which was prepared under the chairmanship of the then Sir Geoffrey Howe. It is sharper, less "wet" than its predecessor of the similar name, but its principal begetter, now Lord Howe, might not wholly disagree with my theme. "No turning back," he has said, referring to the Conservative hard-right, "should not be mistaken for bash on regardless." He will doubtless repeat the sentiment at next week's conference in Bournemouth.

The way Mr Blair sees it, we are at a turning point in political history, just as we were in 1979. The party that took office then may have won the three subsequent elections, but the adventure upon which it led the nation has run its course. His story-line is that we are now ready for a different administration, whose social and political strategies are based on the proposition that the individual and the community are mutually supportive. There has to be a "constructive voluntary partnership" between government and industry. Oops! Sorry. Took that last sentence from *The Right Approach*, not Mr Blair, but either will do.

If there are doubts, they lie not in the nuances of philosophy, but in the pitfalls that await anyone who has to learn on the job. Mr Blair has been leader for less than 80 days, so judgments of his managerial abilities must be premature. He and his team are adept at caressing the media, and he appears to have cemented a useful working relationship with his deputy, Mr John Prescott. It is not, however, clear that he has found time to soothe the sensibilities of all his senior colleagues; perhaps, as Labour's last best hope, he has no need to.

His assistants and advisers are untested in battle. Many of them are outstandingly intelligent, bright and very young. As head of policy, the 29-year-old Mr David Miliband will be in charge of an apparently more formidable team than any available to previous Labour leaders of the opposition. Most of its members, like others in the Blair *entourage*, are 20-somethings or just-turned 30s. These cherubim will have to produce the Labour version of *The Right Approach*. They will be expected to outplay Mr Major's policy unit, headed by Mrs Sarah Hogg, plus half Conservative central office and an army of civil servants whose advice is never party-political but always helpful. Yet the young are powered by optimism. It is the Tories who have to explain why, having been in office so long, they should be given another lease.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Keep ageing hippies in their place

From Mr Daniel Riff.

Sir, As a native New Englander who has favoured yours over American financial papers, I was horrified to find an incident of grievous geographic neglect. Someone had reversed the labels of New Hampshire and Vermont on the illustration accompanying the article "Sainsbury makes a second US foray" (October 4). This may seem a minor gaffe, or even irrelevant. I would argue otherwise. Having been raised in the *right*-hand state, the one that stands *upright* and has consistently exhibited sound *rightward-leaning*, market-minded thinking, I cannot ignore such a blunder.

New Hampshire, on (and in) the *right* in these so many ways, is home to America's first primary every four years. In it reside some of the nation's most libertarian thinkers and entrepreneurs. To its left, in Vermont, dwell ageing hippies and such environmentally conscious companies as Ben & Jerry's ice cream. It is quite likely that Vermonters read neither your paper, not much of anything that displays support of free markets. Their single representative is the Congress's sole avowed socialist. Disparatement towards them, both in your geographic sleight and my own, sweeping, critiques are deserved. If only the other victim were not my dear and beloved home.

Daniel Riff,
Integral Inc,
One Brattle Square,
Cambridge, MA 02138, US

Words should not obstruct change

From Ms Ann Robinson.

Sir, So Michael Holman feels patronised by what he calls the language of medical correctness ("Save me from Healthspeak, October 1). Perhaps he can appreciate something of how people with cerebral palsy feel when they are derided as spastic, a word which has become a term of abuse since The Spastics Society was founded in 1952.

He may want to laugh when he hears we are changing our name to Scope, and wonders why we didn't choose the more descriptive "Cerebral Palsy Society". However, we should point out that the demand for change, and the new name, came not from public relations people, but from people with cp and their families.

The trouble with very descriptive names is that they are also very limiting. We agree with Michael Holman that you cannot change reality merely by changing words. However, the word "spastic" in our name stops people coming to us for support, particularly young families. We want to help change reality for disabled people and we do not want words to get in the way.

Ms Ann Robinson,
chief executive,
The Spastics Society,
12 Park Crescent,
London W1N 4EQ

More in the waiting than in the expectation

From Mr Charles Buchet.

Sir, The two items appearing in the FT on Crédit Lyonnais's announcement of "bad results" translate *attendre* as "to wait for" ("Crédit Lyonnais goes to the people" and "Observer: The laughing bank", September 30). Although this may be the meaning that first comes to mind, context leads to a different understanding. The verb *attendre* also means "to expect", eg "*Je vous attends à neuf heures*" is "I'll be expecting you at nine". In fact, there is no other way to say "to expect", except by using the same word in the more cumbersome reflexive *s'attendre à*. This would have produced the somewhat leaden headline: "*Voici les mauvais résultats auquels tout le monde s'attend*" rather than the headline cited from Le Monde of "*Voici les mauvais résultats que tout le monde attendait*".

No wonder the latest public relations effort by Crédit Lyonnais raised a hoot from Observer. I think you will agree, however, that "Here are the bad results which everyone has been expecting" does not have the same *piquant*.

Charles Buchet,
head of corporate finance,
Union Industrielle de Crédit,
8 rue Lamennais,
75008 Paris,
France

No sense in provision

From Dominique de la Barre d'Erquelinnes.

Sir, Surely the suggestion that banks should automatically make provision for new loans being granted does not make sense ("Plan to smooth bank profits endorsed by top supervisor", October 1). Banks should either require increased margins or, if that proved impossible for market reasons, quit lending altogether until reduced supply pushes margins up again. Automatic provisions would merely be an acknowledgement of the inability of banks to price credit risk correctly.

Dominique de la Barre
d'Erquelinnes,
16 rue Capésius,
L-5814 Fentage,
G-D de Luxembourg

Prototype

From Mr Richard Guy.

Sir, I refer to your article, "Patchy start seen to training plan" (October 3).

This year there is only a small number of prototype modern apprenticeship schemes, and they are not behind schedule at all.

Indeed, our greatest problem this year is that many employers and young people are expressing great interest, but training and enterprise councils only have funding for a small number of places in the prototype sectors.

Next year will see the national launch of modern apprenticeships across the country and in a large number of sectors.

Richard Guy,
chairman,
Tec National Council Modern Apprenticeship Working Group,
Manchester Tec,
Boulton House,
17-21 Chorlton Street,
Manchester M1 3HY

Opportunity to agree broadcasting ground rules

From Mr Robin Foster.

Sir, The recent debate concerning the emergence of powerful, vertically-integrated, satellite broadcasters has left unresolved the important issue of how best to ensure that ownership by those broadcasters of conditional access systems (the "gateways") does not prevent or distort competition between satellite television channels.

The answer in our view is not to prohibit vertical integration, but to establish a clear regulatory framework which would ensure that all channel providers can obtain access to conditional access systems on reasonable and non-discriminatory terms, and that an effective mechanism existed for the speedy resolution of any disputes.

The aim must be to encourage broadcasters to invest in new systems, while ensuring that a wide range of new television services is available at a reasonable cost to viewers.

Unfortunately, the voluntary code of conduct put forward by the European digital video broadcasting project does not safeguard the public interest in this way. It provides little comfort to broadcasters that they will be treated fairly, nor does it contain an adequate arbitration procedure. An effective regulatory framework would, as a minimum, require the provision of full information on access terms, backed up by transparent accounting and indicative published tariffs. Channels provided by conditional access system operators should be subject to the same terms and conditions of access as those applied to similar types of channels offered by other broadcasters.

Regulation would also need to incorporate an effective disputes procedure. Reporting abuses of the code to existing competition authorities, with the costs and delays implied, is inadequate given the importance of rapid market entry in developing satellite markets. Neither is it clear that any other regulator at present has the remit or the capacity to deal with such disputes in an effective and timely manner.

For this reason, while the BBC agrees that an "ill-thought-out layer" ("Scrambled layer", October 4) of additional regulation should be avoided, we do believe that a clear and enforceable framework is essential for the future development of competition in European digital television markets. As standards for digital television in Europe are being finalised, an important opportunity exists for new ground rules to be agreed.

Robin Foster,
chief adviser, commercial policy,
BBC,
Broadcasting House,
Portland Place,
London W1A 1AA

No plunge

From Mr Brian Yates.

Sir, Subscriptions to Which? magazine have hardly "plunged", as you claim in your profile of the newly-appointed director of Consumers' Association, Sheila McKechnie ("Consumers' champion to leave her Shelter", September 21).

Current subscriptions stand at 684,000, calculated on the moving average basis – the equivalent figure on the same basis in March 1988 would have been 854,000.

Brian Yates,
chairman,
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FINANCIAL TIMES

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Friday October 7 1994

Russia at a crossroads

Russia has reached the limits of gradualism. For nine months, Prime Minister Victor Chernomyrdin and his colleagues have done their best to find a middle way between economic "shock therapy" and no treatment at all. But the lesson of transition elsewhere is that, in the long term, there is no middle way – only a choice between a Big Bang stabilisation and social and economic collapse. Unfortunately, there is nothing inevitable about Russia taking the route of stabilisation. The west may be able to weight the odds in favour of that option, but ultimately only Russia can decide.

Other post communist states – Hungary, Poland, the Czech Republic – have already passed this turning point. But in Russia, the institutions of a civil and market society remain precarious. Privatisation, one of the success stories of the past two years, has helped to produce a new entrepreneurial spirit in many sectors of the economy. But without stabilisation and concerted legal reform, the zeal for profit will be more visible in fraud and organised crime than in the rise of a legitimate private sector.

Political forces have conspired against a more concerted reform strategy. The centres of power of the old order are badly damaged, but can still command large constituencies. Increasingly, Mr Yeltsin himself seems to be leaning towards the more conservative of his advisers, who are ambivalent about reform where they are not downright hostile.

Difficult truth

The difficult truth is that the government's very lack of credibility doomed the gradualist approach from the *start*. Enterprises have not stopped borrowing excessively, because they do not expect inflation to stay low. In an effort to choke such borrowing off, the monetary authorities have had to impose exceptionally high real rates of interest, which, in turn, trigger more distress borrowing. As a result, the economy now teeters on a mountain of inter-enterprise debt. Even previously viable companies are likely to get sucked into the web, as long as they believe the government will eventually give in to the demands of indebted competitors.

And over the past few months, the government has begun to do precisely that. There has been a relaxation of monetary controls, and renewed flows of credits to state enterprises. The upshot is the weakening of the rouble, which fell 20 per cent last month, itself a harbinger of renewed inflation. It is still falling: a further 5 per cent on Wednesday alone.

How should the west respond? Whatever their differences, the IMF and all the Group of Seven countries must tell Russia that now is the time to make the decisive leap, and back up the advice *with a firm offer of financial support* if they do so. In Madrid this week, US Treasury secretary Lloyd Bentsen reiterated what he told Mr Yeltsin during his visit to Washington last month: *that very large sums of aid were available* quickly, but "only to support reform".

Active restructuring

This means that, to obtain cash flows of up to $10bn from the international financial institutions this year, the Russian government must commit itself to a further round of credit cuts and much more *active* industrial and *social* restructuring than it has so far attempted. In the process it will have to tread heavily on interests which *have* so far been shaken, but not deeply stirred.

Central to such a strategy will be stable prices. For all their political attractions, half measures simply cannot deliver stability in the long run. As Russian ministers know, gradualism allows them to ease their present burdens, but this only piles up the weight on future ones. Sooner or later, they would have to demand the kind of sacrifices from their *people which they have not so far* had to make.

The better alternative is to make the commitment, now, to a to a fixed exchange rate, backed by a sizeable western stabilisation fund and adequate non-inflationary finance to cover the budget for at least a year or two.

Above all, *it* is critical that the US and other western countries are true to their word: the fact that Russia has missed past reform opportunities owes something to western ambivalence. Before the west can help, however, the Russian government *must make* a leap of faith.

Free the Post Office

It speaks volumes for the vanishing ideological divide in British politics that the foremost policy difference between the main parties appears to be the issue of privatising the Post Office. Yet if the postal service is *to be a final triumph for state* industrial ownership in the UK, it cannot continue in its current form.

For all Mr Tony Blair's resolution to ditch the Labour party's notorious constitutional commitment to public ownership, Labour is set to fight the privatisation of the Post Office tooth and nail. Its stance is nonsensical since all the supposed benefits of state ownership – such as universal service and a single stamp price across the country – could be secured through regulation, while consumers stand to gain from the greater efficiency and entrepreneurial zeal likely to flow from selling a majority stake in the Post Office to the private sector.

Yet Labour's success in whipping up popular sentiment against postal privatisation appears to be alarming enough Tory MPs to cause the government to pause. If the cabinet feels forced by political pressure to retreat, it should not be content with preserving the *status quo. Instead* it should take Labour at its word and propose legislation restructuring the Post Office to give it maximum commercial freedom within the public sector. Unless it does so, Britain's highly successful postal service will be handicapped as it seeks to expand into new technologies and confront international competition.

Listed company

Such a policy would turn the Post Office into a stock market listed company in which the state owned, say, 80 per cent of the shares and exercised only the customary rights of a shareholder to agree broad strategy, approve directors and receive dividends. It would involve taking on the Treasury theologians who claim that no state-owned industry should be excluded from the public sector borrowing requirement and be treated as a normal company free from detailed Treasury control over budgets and borrowing.

The Treasury justifies its stance by citing rules on the compilation of the public accounts, and by arguing that a public sector company could not, in practice, be allowed to float free while the government acted as ultimate guarantor for its debts.

Both the rules and the argument about debt are well-founded as a general approach to state ownership. However, there are good reasons for relaxing them in the case of the Post Office, which has long operated as a profitable *business. If the Post Office were a* listed company forbidden by its founding statute from receiving state aid, it would in practice be subject to normal market disciplines and its borrowings could be excluded from the public accounts.

Market discipline

The sale of a minority stake would be sufficient to ensure market discipline, while the creation of an equity base would leave the company free to contract business alliances and provide market incentives for its managers and employees. *In extremis*, of course, the government might seek to amend the law to provide aid; but there is nothing to stop it doing so in the case of any private sector company.

Two key issues would still remain: regulation and competition.

Essential to a new regime would be the establishment of a regula*tor operating at arm's length from* the Department of Trade and Industry, akin to the existing privatised utility regulators. The regulator, not the government, would determine stamp prices and rates of return for the Post Office, subject to statutory requirements to protect universal service and other socially desirable objectives.

On competition, there is a *strong case for a gradual* lowering of the existing ban on rival deliverers of mail stamped at below £1 an item. This would encourage more specialised delivery services catering for the business and high-value residential market without endangering the Royal Mail.

Sweden – where the post office remains in the public sector – has gone further, exposing basic letter *delivery to full competition*. That is an example which the UK would do well to study, and if it works, follow.

The fundamental task of the World Bank and IMF is to do themselves out of a job, argues **Martin Wolf**. But they have much to do

Bretton twins at an awkward age

It has not been a particularly happy 50th birthday for the *International Monetary Fund* and the World Bank. But 50th birthdays are often unhappy. By that age, people have built up, along with a record of achievements, a list of disappointments and mistakes. The attitudes and knowledge acquired in their youth have often become outmoded. Usually, they have made enemies as well.

So it is for the twins born at the *Bretton Woods conference in July* 1944. For all the show at their annual meetings in Madrid this week, these are troubled giants. They have a host of enemies and many friends do not like them much either. This is not just a natural time to take stock. It is essential for these institutions to do so.

The brilliantly achieved aim of the Bretton Woods conference was to re-establish a global market economy. But it was to be a guided capitalism. The assumption – particularly on the part of the British delegation, headed by the economist Lord Keynes – was that there would be *no* return to a world of free capital flows and "hot money". Finance was to be kept in chains.

Thus, the articles of the IMF required that currencies be convertible only on current account (to pay *for goods and services)*. Governments could retain controls on capital movements, to enable them to maintain fixed exchange rates while pursuing policies for full employment. The IMF was to underpin this *combination*. Similarly, the World Bank was created to finance post-war reconstruction and economic development, because the private capital flows that had financed growth in the late-19th century, would or, it was believed, should not return.

In the light of the Great Depression and contemporary advances in economic thought, these were reasonable assumptions. But they have been undermined by *history*. The IMF lost its envisaged function with the collapse of the fixed exchange rate system in the early 1970s, largely caused by the impossibility of combining pursuit of full employment with fixed exchange rates, once capital flows were set free.

Since then the Fund has increasingly become the macro-economic policeman of the more fallible developing countries, encouraging them to change economic policy when in balance of payments difficulties. Under three entrepreneurial managing directors, it also found a wider role in co-ordinating international *responses to the oil crises of the* 1970s, the debt crisis of the 1980s, and Soviet communism's collapse.

Similarly, the World Bank has been elbowed aside by surging private capital flows, after the long hiatus of the debt crisis. Regional development banks have also taken over some of its work, notably in Asia and Latin America.

In 1993, the net external financing of developing countries was $170bn (see table). But the net disbursements of the International Bank for Reconstruction and Development, commercial arm of the World Bank, were a mere $2.3bn in the financial year ending June 1993 and negative, at minus $0.7bn, the following year. Even soft-lending from the International Development Association was only $4.6bn (net) in financial year 1993 and $5.1bn the next year. The bank has become a marginal provider of development finance.

These profound changes in the global environment have hardly gone unnoticed. Senior managers of the World Bank are engaged in a vigorous debate over whether theirs is a "sunrise" or a "sunset" institution. The IMF, too, is debating its future, if rather more circumspectly. Yet the explosion of global financial activity, albeit the most important, is far from the only development with which the two institutions have to grapple. There are at least six more.

The first is the end of the cold *war. The institutions now have* some 20 new clients engaged in making the transformation from planned economies to the free market. However, they can also no longer count for support on people concerned about *geo-strategic* competition with the former Soviet Union.

The second is changes in what the main shareholders demand. The IMF has recently come under formidable pressure to relax conditionality – the imposition of economic policies in return for finance – for some borrowers, notably Russia. *The pressure on the World Bank is* rather to adopt quotas for increased lending to social sectors. Both institutions, but particularly the World Bank, are also being told to become more cost-effective.

The *third* is the development record. A friendly critic would conclude from the chart that development has worked, above all in east Asia. An informed critic would

The basic operational role of the IMF and World Bank is to help those economies unable to prosper in the global market

know that these countries have best conformed to the "Washington consensus" of fiscal conservatism, outward-orientation and reliance on market forces.

Those on the anti-market left argue, instead, that the twin institutions bear most blame for what has gone wrong in Latin America, the Middle East and Africa. Meanwhile, critics on the market-liberal right conclude, more plausibly, that, since they have been associated with failures as much as with success, the Bretton Woods twins cannot make a decisive difference.

The fourth issue is the record of *the institutions. Their prestige* depends on the perception that they know what they are doing, but they have made big blunders. They encouraged much of the lending that led to the third-world debt cri*sis; they failed to foresee the ener*gy-price collapse of the mid-1980s; they have supported incompetent and corrupt regimes; the World Bank ignored the environment for too long, while some of its project lending proved misguided; and many countries helped by the IMF have returned to its trough again and again.

The fifth is ideological changes. Leftist hostility to the market economy has become venomously focused on the Bretton Woods institutions. The left's commitment to more participation also creates a profound suspicion of governmental structures, shared by the market-oriented right, with its demand for reliance on markets. So now the left is pursuing its "50 years is enough campaign", while Lady Thatcher's former economic adviser, Sir Alan Walters, argues that "the ideal solution would be to abolish the Fund and the Bank"[1].

The last is the questioning of the *institutions'* professional competence. Professor Jeffrey Sachs of Harvard University, for example, argues the IMF's approach to stabilisation in eastern Europe and the former Soviet Union has been inappropriate, because *it fails* to understand the economic consequences of the state's political bankruptcy.

How can these institutions best respond to the many challenges they confront? The central necessity is to define and defend their core tasks in ways that respond to justified demands and resist unjustified ones; the subsidiary need is to execute those tasks as efficiently as possible. The institutions' basic operational role can best be defined as helping those economies unable, at present, to prosper in the global market system. They must complement the global market economy, *not substitute for it.*

Countries that need these institutions' help are:

- the least successful developing countries, notably those in sub-Saharan Africa;
- *relatively dynamic countries* such as Indonesia that remain poor and need to achieve large institutional changes;
- countries engaged in the switch from state planning to the market economy, mainly the former Soviet empire and, in its own way, China;
- and countries that fall into the hands of incompetent populist gov*ernments or suffer large adverse* shocks.

As a country prospers, however, and improves links to the global economy, and as more of its investment is carried out by entities with access to global capital markets, the operational role of these institutions should disappear, as in western Europe. Balance of payments problems can then be managed

The Bretton Woods twins must insist on performance from those who depend on them. They should provide 'tough love'

through the international capital markets.

The IMF's focus is on shorter-term macro-economic problems, while the World Bank's is on longer-term structural difficulties. Given the different time horizons and relationships involved, the two institutions should not be merged, as some suggest. In addition, the IMF has a useful role vis a vis industrial countries and, as important, is accustomed to imposing relatively tough conditionality. The customary criticism is that it is too tough. But critics fail to realise that its clients would have to make still *more savage cuts in spending with*out it. Beggars have few choices.

Being mainly restricted to the worst-managed developing countries is a painfully circumscribed role for the IMF. Many argue, *instead, that it should play a cen*tral role in the formal management of exchange rates. The independent Bretton Woods Commission – under the leadership of Paul Volcker, former chairman of the Federal Reserve – has recommended that "the governments of the major industrial countries should give a high priority to international monetary reforms aimed at reducing large exchange rate fluctuations and serious misalignments"[2].

If the IMF were to calculate target zones for exchange rates, it would gain a more central role in the world monetary system than ever before. But the IMF's major shareholders are unlikely to agree to this, as Mr Lloyd Bentsen, US secretary of the Treasury, indicated in Monday's FT.

Today, the IMF's managing director attends discussions of the Group of Seven leading industrial countries, but has no voice in decisions on exchange rates. That is how things are likely to remain. For the foreseeable future, the IMF's relations with major industrial countries will depend on its surveillance discussions with countries, whose effectiveness is questioned even among the staff. While the Fund might yet be needed to help with public debt crises in industrial countries, that would indicate serious policy failures.

For the World Bank as well, longer-term prospects are not all that bright. The fear within it is that lending will move from stagnation to outright decline, as its clientele is gradually restricted to south Asia and Africa. Just as the IMF hopes for a role in exchange-rate co-ordination, some in the bank dream of a consultative role in countries that do not need its funds. But that would be a remarkable departure for an organisation that has depended on mixing subsidised finance with its recommendations.

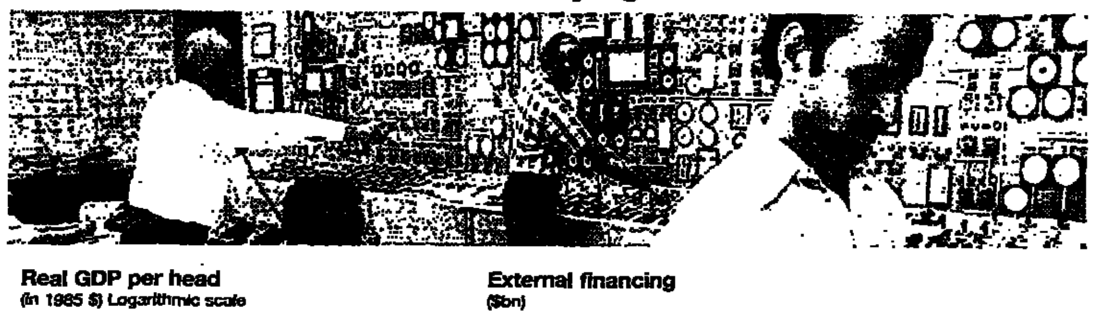
How well are the IMF and bank set up to do their core jobs? In the IMF's case, questions about the quality of its advice are legitimate. Arguments for greater transparency and wider use of outside economists are strong. More important is a sharper focus on the underlying disease, which lies almost always in the functioning of the state.

For its part, the World Bank has published a list of the six principles it has derived from its experience – selectivity, partnership, client orientation, results orientation, cost effectiveness and financial integrity[3]. It also defines its objectives as the pursuit of economic reforms that promote broad-based growth and reduce poverty, investment in people, protection of the environment, stimulation of the private sector and reorientation of governments on the tasks only they can do. Finally, it is undertaking a re-engineering of its internal management processes, to make itself more efficient, more responsive and more flexible. Yet the goals hardly look selective and the six principles are little short of banal. As for the managerial changes, they will be difficult to achieve, however desirable.

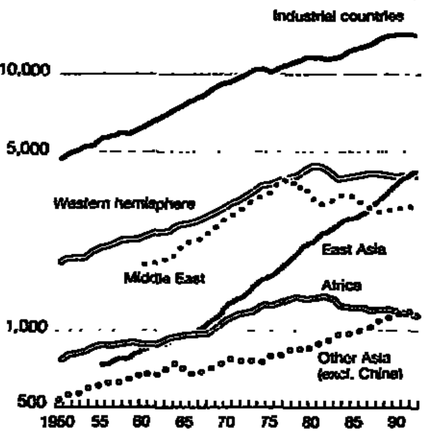
The core functions of the Fund and World Bank are not, of course, their only ones. Both provide valuable analyses of global economic trends and undertake useful research and analysis. Both must also retain a flexible capacity to respond to unforeseen events. Nonetheless, the fundamental job of the Bretton Woods twins is to do themselves out of one. How will they reach this goal? By insisting firmly on performance from those who depend upon them. "Tough love" is what they must provide. If they do so successfully, their operations ought to have largely faded into history by the time their centenary is celebrated in 2044.

[1] Sir Alan Walters, *Do We Need the IMF and the World Bank?* (London: the Institute of Economic Affairs, 1994); [2] Bretton Woods Commission, *Bretton Woods: Looking to the Future, Commission Report* (Washington DC: 1994); [3] The World Bank Group, *Learning from the Past, Embracing the Future* (Washington DC: 1994)

Performance and finance in developing countries



Real GDP per head
(in 1985 $) Logarithmic scale



Sources: IMF, World Economic Outlook; Summers and Heston

External financing
($bn)

	1986	87	88	89	90	91	92	93
	73.6	65.7	62.0	65.5	85.1	96.8	129.8	170.2
Non-debt creating flows								
Official transfers	13.2	15.1	16.2	16.8	13.0	–8.3	19.8	21.2
Direct investment	9.8	13.6	16.2	15.9	18.3	30.2	40.2	59.7
Reserve-related liabilities of which:	–1.7	–2.9	–3.5	–0.8	–3.3	0.4	–1.3	2.5
Net credit from IMF	–2.2	–4.7	–4.1	–1.5	–1.9	1.1	–0.2	1.0
Net external borrowing	52.3	39.8	33.1	33.7	57.1	74.5	71.1	87.0
IBRD*	5.7	3.4	1.9	5.7	2.1	1.8	2.3	–0.7
IDA*	2.8	3.2	3.4	3.7	4.3	4.4	4.6	5.1

Sources: World Economic Outlook, World Bank

*July to June

OBSERVER

Gunning for voters

■ Brazilians are rightly proud of the smooth way their biggest set of elections in 40 years was staged on Monday. But voters in the poor, north eastern state of Paraíba may have less to celebrate.

With about a third of the votes counted, ex-governor Ronaldo Cunha Lima is almost certain to get a senate seat. This is a little unfortunate. Last year he tried to assassinate his principal political rival. The victim survived and Cunha Lima was charged with attempted murder.

But justice grinds slow in Paraíba. By winning a senate seat, Cunha Lima gains immunity from prosecution under Brazil's arcane laws protecting legislators.

Paraíba's second choice for the senate – Humberto Lucena – had his candidature cancelled by election authorities, for illegally using senate printing presses to print glossy calendars and then handing them out to voters.

He contested the elections, regardless. Surely there's a by-law somewhere to let him off the hook?

Fit to print

■ Tony Blair's gaggle of spin doctors and media managers has gone too far; an absurd choreography surrounds his every step at the party's Blackpool conference. Photographers are allowed only "authorised" pictures, rather than informal snaps of Blair going about his business.

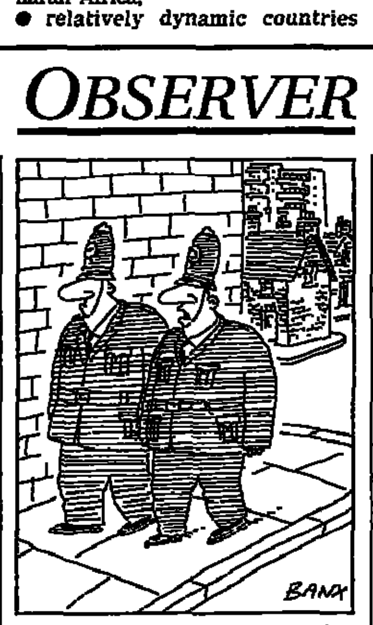
But a scene in the Imperial Hotel, Labour's seaside HQ, has shocked even the most hardened hacks. An elderly newspaper vendor was physically bundled out of the hotel lobby by two Blair heavies. His crime? Daring to sell copies of a tabloid newspaper, which yesterday carried a few risqué photographs of a minor aide of Blair's wife. Roll on free speech, eh chaps?

Debt limbo

■ Guyana's foreign debt of $2,333 per citizen is pretty steep, much worse than that of some more notorious South American mega-debtors. So imagine the horror of Guyanese government officials when new figures put the total debt at 50 per cent more than last year's $2.1bn.

Calculators were produced; sighs of relief followed. The extra red ink was a mathematical error. It "occurred on the exchange calculations made by the accountant general for loans denominated in Japanese yen and Italian lira," says Ashni Singh, acting auditor general.

Asgar Ally, the embarrassed finance minister, sheepishly blamed Anand Goolsarran, the auditor general, saying Goolsarran ignored ministerial advice and submitted



'It's got so bad even police chiefs' speeches go around in pairs'

the figures to parliament before they were double-checked. No comment from Goolsarran, who's abroad somewhere. Hope he checks his change, wherever he is . . .

Time please

■ *Tim Martin's knack for turning* ghostly shops into lively pubs has made him plenty of friends among his shareholders and enemies among established publicans. Almost every time his fast-growing J D Wetherspoon chain seeks a licence for a new pub, the likes of Grand Met and Allied Domecq go to court to try to stop him.

He generally wins and has just recouped £14,000 for the costs his rivals had to foot when they said there was no demand for another pub in Hornchurch, Essex. Indeed, he is thinking of naming his next pub the Good Sheppard in memory of Grand Met's chairman and one-time outspoken free marketeer.

Forte measure

■ There was an inevitability about Business Traveller magazine's annual awards, dished out at the Savoy Hotel yesterday. Best airline – British Airways; favourite business city worldwide – London, for the 11th year, and so on.

But Lord Forte's special "lifetime achievement award" – marking six *decades in business – was at least* timely, coming just after the company he founded tightened its grip over the Savoy.

The George V in Paris (a jewel in the Forte crown) beat the Savoy as best European business hotel into the bargain, and the 85-year-old hotelier was to be seen reaching up to a waiter's tray to augment slightly mean portions of bubbly.

Parisian phantom

■ The Organisation for Economic Co-operation and Development is rapidly taking on a Marie Celeste quality, with crew deserting a captainless ship.

Some asbestos has been discovered in the Paris think-tank's main building. Employees were given the chance to take yesterday and today off, while experts evaluated the risk. Most shot out of the building like corks out of Bollinger bottles: "You should have seen the number of chain-smoking Frenchmen haring out of here on the off-chance of a millionth part of asbestos in the air," said a non-French staffer.

Staffan Sohlman, Sweden's OECD envoy and acting head of the organisation, was already a safe 400 kms away in Strasbourg. There he made the implausible claim that OECD countries are deadlocked over selecting a new leader because "they care for the organisation".

Observer detects a parallel with the European Commission's famous *cruciform Berlaymont building in* Brussels. Its closure in 1991 – also for asbestos removal – came just before all the rows over Maastricht.

Five-gear Pluto

■ Calling all Ford drivers – watch out for re-entry problems. The US carmaker has just signed a deal *with a Nasa research centre to* share the space agency's technology. Of particular interest to Ford, apparently, are Nasa's skills in advanced materials, air-flow measurement methods and adhesive bonding.

Not so much fly me to the moon, perhaps, as Escort me interstellar-wise.

Vita WORLDWIDE
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Friday October 7 1994

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Cabinet alleges breach of criminal code

Berlusconi takes action over Milan magistrate

By Robert Graham in Rome

The Berlusconi government yesterday decided to press a formal complaint against Mr Saverio Borrelli, Milan's chief public prosecutor, over a newspaper interview on Wednesday that contained allegations about the prime minister and the justice minister.

The move followed 24 hours' hesitation as Mr Silvio Berlusconi, the prime minister, sought to present a united front among the members of his rightwing coalition over how to react to the controversial interview.

The complaint is being filed to President Oscar Luigi Scalfaro, as head of the higher council of the magistrature. It claims Mr Borrelli is in breach of article 289 of the criminal code for undermining constitutional authority.

Such a strong stand represents the triumph of the "hawks" in the cabinet, led by Mr Giuliano Ferrara, minister in charge of parliamentary affairs. They have argued that the government must take tough action to curb the increasing political interference of the anti-corruption magistrates in Milan.

If Mr Borrelli's comments had been allowed to go without serious challenge, this would have been interpreted as a sign of government weakness.

But the unity of the government on this hard line was immediately put in doubt by Mr Umberto Bossi, leader of the populist Northern League. He distanced himself from the stand of the four League ministers who signed the complaint, saying: "The League doesn't make denunciations of any type!"

At the same time key members of the neo-fascist MSI/National Alliance – Mr Berlusconi's other main coalition partner – also kept their distance. The MSI has been cultivating close relations with elements in the Milan magistrature and is anxious to avoid an open confrontation, aware of the continued popularity of figures such as Mr Antonio Di Pietro, the leading anti-corruption magistrate.

The complaint procedure means that Mr Scalfaro must now examine the evidence and then decide whether there is sufficient cause to take either disciplinary or legal action. Offences under article 289 carry a minimum of 10 years jail.

Mr Borrelli was unrepentant over his interview yesterday and told reporters he had no intention of resigning. His comments suggested he was fully aware of the consequences of his words in the interview and accepted that the confrontation between the government and the judiciary were likely to continue.

In the interview, Mr Borrelli claimed that the magistrates' investigations were at a turning point and involved people "at the top of business and politics". This was a clear reference to Mr Berlusconi and his Fininvest empire which has been under investigation for over a year.

European Court of Justice appoints new judges

By Robert Rice, Legal Correspondent, in London

Seven lawyers, largely unknown outside their own countries, were appointed unopposed yesterday to the most powerful judicial body in Europe.

The appointments to the European Court of Justice in Luxembourg represent the single biggest turnover of personnel in the court's history. Half the judges and their advisers up for reappointment are stepping down.

The power these European lawyers wield was underlined last week when the court awarded retrospective pension rights to part-time workers, leaving employers facing possible costs of billions of pounds.

But colleagues in the profession said yesterday that so little was known about the new judges it was difficult to assess what impact they would have on the court's judgments.

Every three years the court replaces several of its 13 judges and six advisers. Judges are appointed for terms of six years and many usually stand for reappointment. In 1991 only two members of the court changed.

The judges stepping down are Manuel Diez de Velasco from Spain, the French judge Fernand Grévisse, and the German Manfred Zuleeg. In addition, the president of the court, Mr Ole Due, a Dane, has resigned. A new president will be chosen from among the judges by secret ballot today.

Mr Due has been been replaced by his Danish adviser, Claus Gulmann. Two other advisers have resigned, so three have been appointed – Philippe Leger from France, Georgios Cosmas from Greece and Michael Elmer from Denmark.

Appointment to the court is by "common accord" of the member state governments. There is no nationality requirement, but in practice each member state nominates one of its own nationals. The 13th judge is normally chosen on rotation from among the four largest member states plus Spain.

The Spanish judge was the 13th and is being replaced by an Italian, Antonio La Pergola. The new French judge is Jean-Pierre Puissochet and the new German judge is Günter Hirsch.

In the UK, candidates tend to be either judges or senior barristers, and are nominated by the Foreign Office on the advice of the lord chancellor. Judges from other member states tend either to be academics or to have held senior positions in their country's administrations.

Perhaps most is known about the new Italian judge Antonia La Pergola. He is a socialist MEP, former president of the Italian Constitutional Court and close political ally of Mr Silvio Berlusconi, the Italian prime minister.

THE LEX COLUMN

Sky is the limit

BSkyB is the classic ugly duckling turned swan. The satellite network has rapidly turned losses into profits and is now ready to float away. The immediate benefit to shareholders will be the release of £1.2bn in shareholder loans and guarantees. Mr Rupert Murdoch's News Corporation, still heavily indebted after near-insolvency in 1990, could certainly use its £600m share. As shown by last week's plan to issue preference shares, Mr Murdoch is searching for ways to raise capital without losing control. Speculation is bound to mount that he is back on the acquisition trail.

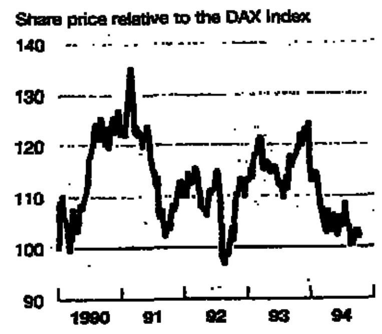
A BSkyB float will also have the benefit for its present shareholders of making the value of their stakes more visible. Further cash could be raised by cutting their stakes after the planned one-year lock-up expires. Granada does not need cash now given that its approach to caterer Gardner Merchant has been rejected. But if the government relaxes rules on cross-media ownership, the group may wish to add to its ITV interests.

Cynics will say the float's timing is dictated by the fact that the threat to Sky from cable TV is not yet fully apparent. Sky currently makes the same profit irrespective of whether its programmes are distributed by cable or via dishes. But as cable companies roll out their networks and start making their own programmes, they may take fewer Sky channels. Cable groups will also be in a stronger position to bargain for a better deal on those channels they do take. That said, this threat will take several years to materialise. Meanwhile, BSkyB stands to benefit from growth not only in subscriber fees but in advertising revenue which currently accounts for only 20 per cent of its income.

FT-SE Index: 2984.4 (+28.1)

Allianz

Share price relative to the DAX index



Source: FT Graphite

UK economy

On their own, yesterday's UK industrial output figures can be interpreted any way one likes. Those inclined to fret about consumer confidence may focus on the drop in production of footwear and clothing. Those who believe in robust growth can point to distortions from the rail strike and the explosion at the Milford haven oil refinery. But together with recent data on housing, CBI survey evidence and short-time working at Ford, the output data do suggest some slowdown in the pace of growth. Worries about higher base rates seem to be abating: indeed the money markets are shading down their expectations in this regard.

The authorities' thinking may become clearer on Monday when minutes are published of the meeting at which September's base rate rise was decided. The aim appears to be the laudable one of preventing the output gap closing too quickly, which would unleash inflation, while still preserving the recovery. In that case, a modest deceleration of growth now would be welcome in helping the chancellor achieve the required balance.

Amid all the bond market turbulence it is easy to lose sight of the way in which investors have given the authorities credit for the base rate rise. Equities have fallen 155 points since then, and the long bond yield is unchanged at just over 8.6 per cent. But the yield premium of gilts over US and German government stock has narrowed by 30 and 15 basis points respectively. That shows some faith in the value of Mr Clarke's pre-emptive strike.

Allianz

Allianz's announcement that it is looking for acquisitions abroad, including in the UK, comes only days after the purchase of Swiss Re's primary insurance business. A significant turning point has been reached: after several years of consolidation, the colossal insurer is ready for further expansion.

The new willingness to pursue acquisitions coincides with signs of robustness in the domestic German market, the traditional mainstay of group profits. The underwriting cycle has turned: premium rates are rising, helped by economic recovery, and there has been a welcome fall in car theft. This summer's insurance market liberalisation has not led to a dramatic intensification of competition, as once feared. Foreign insurers still find it difficult to break into Germany, and domestic competition is muted. There are still headaches in the US, where Fireman's Fund lost DM164m in the first half on catastrophe risks, and the state of world financial markets will hit investment income. But on balance Allianz feels confident enough to revive a global growth strategy which has been on hold since 1990.

Whether this will prove good for shareholders is another question. Some of Allianz's past acquisitions, for example that of Deutsche Versicherung, seem to defy normal pay-back criteria. But investors treat Allianz as a proxy for the German market. As a result, the economics of individual transactions matter less than sentiment on Germany as a whole.

US railroads

Union Pacific's desire to create the US's largest railroad company by buying Santa Fe Pacific makes strategic sense, but is unlikely to happen. If history is any guide, the Interstate Commerce Commission, the all-powerful railroad regulator, will oppose the deal because it would reduce competition.

Such a decision would be a mistake. Not only would regulatory rejection deprive shareholders of a bid a third higher than Burlington Northern's competing offer, but it would hinder efforts to wring further inefficiencies out of the system. These inefficiencies, despite the recent railroad renaissance, remain legendary.

The fragmented rail network is an immense burden on the US economy. It drives up costs, delays deliveries and prevents the sector winning business from road haulage. Rationalisation would also allow rail companies to cut duplicative headquarters, rail routes and repair shops, as well as expand geographical coverage and the range of products carried. The reduced costs could then be passed on to customers in the $200bn US freight market. Union Pacific is trying to allay anti-competitive fears by offering other carriers access to its routes. If the ICC is going to make the mistake of rejecting its deal, it were best done quickly. But its record suggests the body could take more than two years to come to a conclusion. That would leave all three companies derailed for the duration.

Surprise output falls indicate slower UK economic recovery

By Philip Coggan, Economics Correspondent

Surprise falls in UK industrial production and manufacturing output in August appeared yesterday to confirm indications that economic growth may be slowing in the second half of the year.

However, the Treasury pointed to special factors, such as the fire at the Milford Haven oil refinery in July, as being mainly responsible for the downturn in output and said the trend was still buoyant.

Financial markets welcomed news of the fall, on the grounds that it made an imminent increase in base rates less likely. The FT-SE 100 index climbed 28.1 points to 2984.4, while gilts rose half a point.

The Central Statistical Office said yesterday that manufacturing output fell by 0.3 per cent between July and August, while industrial production dropped 0.1 per cent. Analysts were expecting both measures to rise by 0.4 per cent.

Around two-thirds of the fall in manufacturing output was caused by a fall in the oil refining sector. Output in this sector dropped sharply in July after the Milford Haven fire, a production drop at BP's Grangemouth refinery and maintenance at other plants.

But the decline was not confined to oil refining. The engineering industry recorded a fall in production in August, with declines particularly noticeable in metal machine tools and in basic electrical equipment. Other industries to record a fall in August included the textiles, leather and clothing sector.

Mr Nick Parsons, chief European economist at CIBC, said: "Frankly, I think the Treasury's excuse is a complete red herring. These are not straws in the wind but building blocks for an argument that the UK economy is slowing down."

There have been other indications that the UK economy, which grew at its fastest rate for six years in the second quarter, might be starting to decelerate. In September, a survey from the Confederation of British Industry showed a fall in the proportion of companies expecting output to rise over the next four months, while the Purchasing Managers Index fell for the second consecutive month.

Yesterday, figures from the Society of Motor Manufacturers and Traders showed that new car sales growth was slowing. However, quarterly and annual figures for production and output indicate that the recovery is still very healthy. Industrial production in the three months to August was 1 per cent higher than in the previous three months and 5.2 per cent higher than in the same period a year ago. The equivalent increases for manufacturing output were 0.8 per cent and 4.2 per cent.

See Lex

Bull aid

Continued from Page 1

According to Bull, losses in the first half of the year to June were reduced to FFr843m, compared wiht FFr1.98bn for the comparable period in 1993.

Mr Descarpentries said in August that the group should break even at the operating level by the end of the year and at the net level by mid-1995.

BSkyB in £1bn flotation

Continued from Page 1

between management and shareholders. Chargeurs is believed to have been the only one of the four to have been hesitant. However it has since struck a deal to buy more shares – probably 3 per cent – in the flotation, avoiding dilution of its stake.

After the issue BSkyB will benefit from a significant reduction in financial costs and will be able to streamline its ownership structure, now complicated by the web of shareholder agreements forged during its early crises.

The final date of the flotation will be determined by progress in unravelling those agreements and by market conditions. Media analysts were optimistic about the prospects for issue. "BSkyB has a great story to tell," said Ms Rebecca Winnington-Ingram of Morgan Stanley in London.

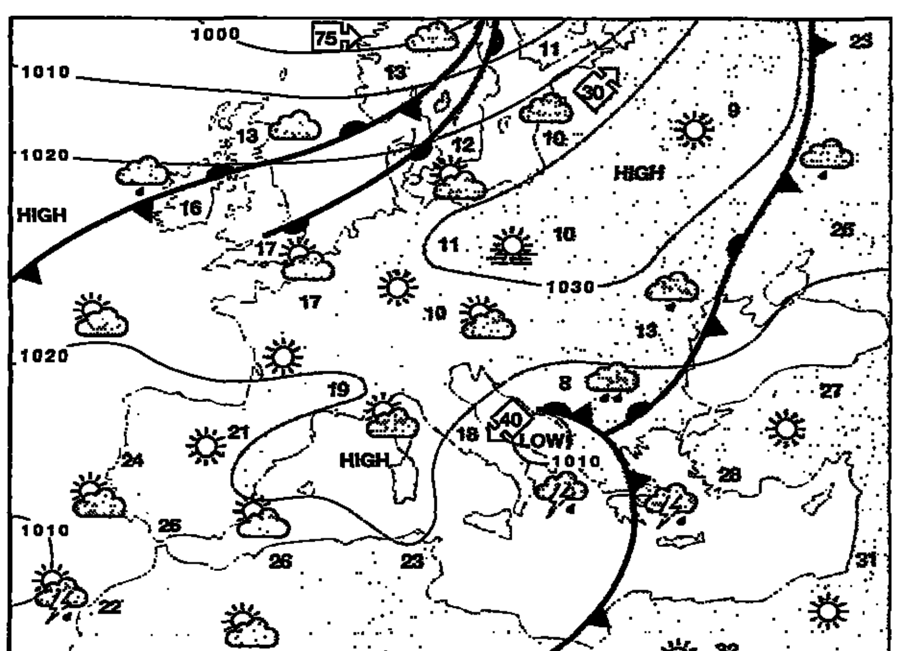
FT WEATHER GUIDE

Europe today

High pressure over eastern Europe will dominate central Europe. Its clock-wise circulation will direct cool air south to Alpine countries and France with sunshine extending from Russia to France. A strong westerly current will push rain clouds into the southern half of Scandinavia and the Baltic states. The Norwegian coast will be rainy with winds increasing to gale force. An active cold front will generate heavy thunder showers over Greece and the southern Balkans. The Alps will be cloudy and rainy and snow is possible above 1,300 metres. Turkey, Spain and Portugal will be sunny.

Five-day forecast

High pressure will continue to influence central Europe into next week, giving fair, autumnal conditions. Showers, some with thunder, will move slowly north from Greece and Bulgaria reaching Hungary and Poland during the course of next week. Scandinavia will be windy and unsettled during the weekend but conditions will become fair as a high pressure system builds.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	36
Accra	thund	30
Algiers	fair	26
Amsterdam	fair	14
Athens	shower	27
Atlanta	fair	26
B. Aires	cloudy	19
B.ham	sun	17
Bangkok	shower	32
Barcelona	sun	21
Beijing	fair	23
Belfast	cloudy	15
Belgrade	rain	6
Berlin	fair	12
Bermuda	shower	28
Bogota	cloudy	19
Bombay	cloudy	33
Brussels	sun	14
Budapest	rain	8
C.hagen	cloudy	12
Cairo	sun	32
Cape Town	fair	27
Caracas	shower	31
Cardiff	hazy	16
Casablanca	shower	22
Chicago	fair	18
Cologne	fair	13
Dakar	cloudy	30
Dallas	shower	29
Delhi	sun	35
Dubai	fair	36
Dublin	cloudy	16
Dubrovnik	rain	16
Edinburgh	cloudy	16
Faro	thund	24
Frankfurt	fair	14
Geneva	fair	12
Gibraltar	fair	21
Glasgow	shower	16
Hamburg	fair	12
Helsinki	shower	12
Hong Kong	shower	30
Honolulu	fair	31
Istanbul	fair	25
Jakarta	fair	32
Jersey	sun	16
Karachi	fair	36
Kuwait	sun	38
L. Angeles	fair	24
Las Palmas	fair	26
Lima	cloudy	21
Lisbon	fair	23
London	hazy	19
Lux.bourg	sun	12
Lyon	fair	14
Madeira	thund	23
Madrid	sun	22
Majorca	sun	23
Malta	fair	23
Manchester	fair	16
Manila	shower	32
Melbourne	shower	16
Mexico City	shower	18
Miami	shower	30
Milan	fair	15
Montreal	fair	17
Moscow	fair	11
Munich	hazy	9
Nairobi	fair	28
Naples	shower	16
Nassau	fair	31
New York	fair	20
Nice	fair	19
Nicosia	sun	35
Oslo	cloudy	16
Paris	sun	17
Perth	fair	18
Prague	sun	10
Rangoon	cloudy	34
Reykjavik	fair	3
Rio	fair	28
Rome	fair	18
S. Frsco	fair	24
Seoul	fair	22
Singapore	cloudy	32
Stockholm	cloudy	13
Strasbourg	sun	14
Sydney	fair	24
Tangier	shower	24
Tel Aviv	sun	34
Tokyo	fair	24
Toronto	cloudy	15
Vancouver	shower	15
Venice	fair	15
Vienna	rain	8
Warsaw	sun	10
Washington	fair	21
Wellington	shower	13
Winnipeg	cloudy	14
Zurich	fair	12

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IN BRIEF

Allianz may buy into Britain

Allianz Holding, the German insurance group, is casting around for further foreign acquisitions, and has a particular interest in the British life market. Page 20

NYSE poised to name Grasso as chairman
The board of the New York Stock Exchange is expected to elect Mr Richard Grasso as its chairman to succeed Mr William Donaldson. Page 21

Rumour spreads of Motorola bid for Apple
Rumours swept the US markets this week that Motorola, the communications and semiconductor group, might be preparing a takeover bid for Apple Computer, the personal computer manufacturer. Both companies declined to comment. Page 21

Telecom Italia to run Pirelli Telecoms
Telecom Italia, Italy's state-controlled telephone company, is to take on the management of all national and international telecommunications services at Pirelli, the Italian industrial group. Page 20

AEG predicts DM 90m in sales for battery
AEG, Daimler-Benz's electrical and electronics subsidiary, expects annual sales of DM90m ($58.4m) from a new high-energy battery when it starts full production in 1998. It aims to seize a lead position in the market for electric cars. Page 20

Brazil may impose capital controls
A senior Brazilian central bank official said the government may consider imposing capital controls in some circumstances, but ruled out Chilean-style restrictions on the exit of capital. Page 22

Kmart warns of earnings fall
Shares in Kmart, the troubled US discount store group, fell $⅝ to $16⅞ in early trading after the company warned it expected a fall in earnings for its third quarter, ending in October. Page 21

Recovery for South Korean petrochemicals
South Korean petrochemical companies are recovering from a prolonged slump due to increased demand abroad and the shutdown of several petrochemical plants around the world. Page 22

Receivers seek equity for Carden Park
Receivers are looking for investors to inject fresh equity into Carden Park, the UK 1,200 acre hotel and leisure complex owned by Mr John Broome. Page 24

Etam falls despite interim profits
Shares in Etam, the fashion retailer, fell as the group almost doubled interim profits but warned of a slightly weaker trend at the beginning of the second half. Shares fell 20½p to close at 282p. Page 24

FT Managed Funds Service
Starting on Monday, readers in Continental Europe will receive a more streamlined version of the FT's Managed Funds Service. The service will concentrate on offshore and overseas funds, and from Mondays to Fridays will omit categories of fund which are of interest mainly to UK domestic investors. UK funds will still be listed once a week, in Saturday's FT.

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Altana	618	+	13.5
Asko Prf	670	+	25
Linde	883	+	18
PWA	230.5	+	5.5
Falls			
Herlitz	312	–	10
Holzmann	865	–	17

NEW YORK ($)

Rises			
Proct & Gam	60¼	+	1⅜
Santa Fe	14⅝	+	2
Falls			
Apple Comp	35¾	–	1⅛
Brngtn Nin	48⅜	–	⅛
Intl Paper	76½	–	1
Un Pacific	14¼	–	2⅞

New York prices at 12.30pm.

PARIS (FFr)

Rises			
BNP	247.6	+	8.4
CSP	1078	+	39
Damart	6040	+	290
UFB Locab	381	+	31
Falls			
Bouygues	589	–	18
Sinco	412.8	–	7.2

TOKYO (Yen)

Rises			
Calsonic	705	+	15
Daiichi Inc	908	+	19
Ricoh	941	+	30
Falls			
Citizen	772	–	19
Kikkoman	822	–	18
Minolta	485	–	15

LONDON (Pence)

Rises			
BAT Inds	424	+	7
Bristol Scots	188	+	13
Brit Aerospace	452	+	13
Brit Telecom	372½	+	8½
Comm Union	512	+	15
Eidos	335	+	30
Gibbs Mew	468	+	15
Marks & Spencer	402	+	9
National Power	488	+	17
Pearson	590	+	8
Reed Intl	781	+	21
Wellcome	670	+	18
Wessex Water	605	+	28
Falls			
Etam	282	–	20½
Galliford	27	–	7
Glenchewton	28	–	5
Kode Int	60	–	4
Sherwood Grp	99	–	12
Trafficmaster	170	–	10
Wetherspoon (JD)	408	–	14
Wolseley	735	–	18

Salomon warns of $100m loss in third quarter

By Patrick Harverson in New York

Salomon announced yesterday that it would report an after-tax loss of about $100m for the third quarter because of another poor performance from its Wall Street securities broking unit, Salomon Brothers. In the same quarter a year ago, the group earned a profit of $20m.

It is the second consecutive quarter that Salomon has posted a big loss because of the sharp downturn in business conditions on Wall Street. Salomon, however, has always been more vulnerable than most securities firms to volatile swings in earnings because a large part of its business involves risking the firm's own capital in the global financial markets.

It was this proprietary trading business which was once again primarily to blame for the losses in the quarter, Salomon said. Additionally, Salomon suffered during the latest quarter from a decline in demand from US companies for stock and underwriting services, a decline which has affected the rest of Wall Street. The firm includes its revenues from securities underwriting in the category of "client-driven" businesses, and this area was also hit in the third quarter by a fall in customer trading activity.

Salomon pointed out, however, that its "client-driven" business still performed better than in the second quarter, when a sharp drop in the value of securities Salomon Brothers holds on its books as inventory left the group nursing a loss of $204m.

Although second-quarter losses were partially offset by profits from Salomon's Phibro oil trading unit, in the latest quarter the unit's performance deteriorated, and Salomon said Phibro would report a "modest" pre-tax loss for the July-September period.

The warning about its poor results from Salomon provide a taste of what to expect in the coming weeks, when other publicly quoted Wall Street firms release their third-quarter earnings. Profits have plunged since February, when the first of five interest rate increases by the Federal Reserve prompted a sharp downturn in trading conditions, both in US and overseas financial markets.

Soon after Salomon made its announcement yesterday, its shares were down $¼ at $38¼.

BMW to sell Rover-built cars in North America

By John Griffiths in London

Rover-produced cars will return to the North American market despite the sales failure of its Sterling-badged cars at the end of the 1980s, the chairman of BMW, Rover's parent company, said yesterday.

Rover Group products, rather than BMW's, will also lead the German-owned company's drive into Asian markets such as China, where explosive growth is forecast over the coming decade, according to Mr Berndt Pischetsrieder.

In his first wide-ranging assessment of Rover since BMW acquired the company from British Aerospace for £800m in January, Mr Pischetsrieder also:

- Held out the prospect of tripartite co-operation between BMW, Rover and Honda – Rover's close associate under BAe ownership – wherever in the world joint projects were felt to be of mutual benefit.
- Made clear that BMW saw no upper limits on car production by Rover or any reason why Rover-designed products should not be produced at plants overseas.
- Confirmed that BMW was serious in its intent to revive names from the past such as Riley and Austin-Healey, for products developed for appropriate niches.
- Indicated that there was virtually no chance of BMW reviving past negotiations to buy Rolls-Royce Motor Cars, the Vickers-owned luxury carmaker.

Mr Pischetsrieder set out no time scale or product plans for Rover cars to return to North America. The group has made a success of its Land Rover four-wheel-drive operations there.

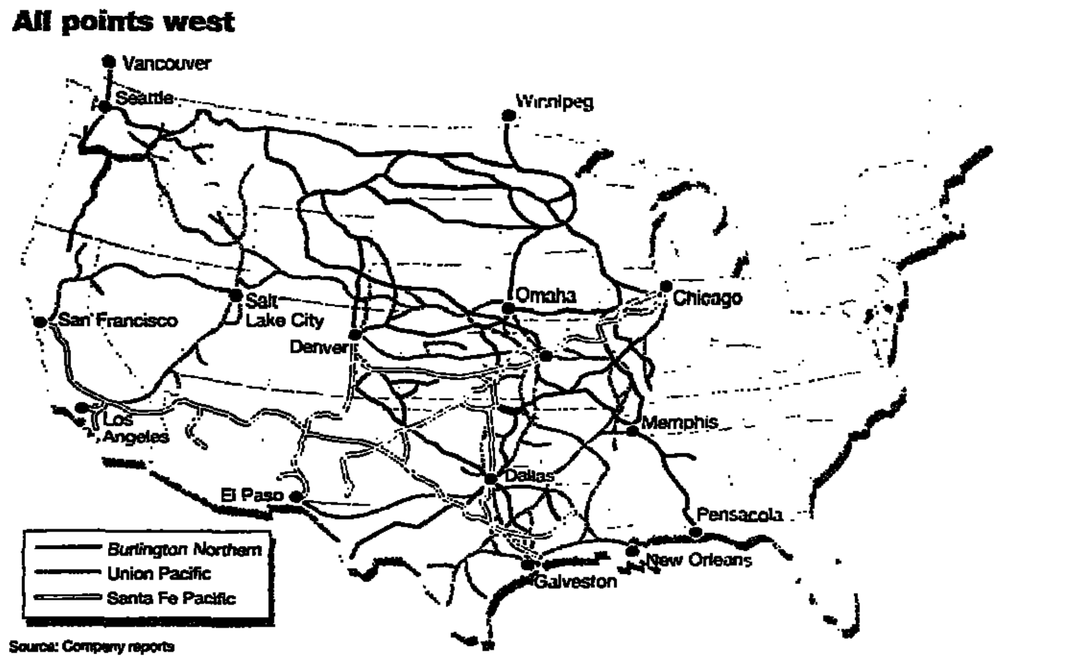
Mr Pischetsrieder also gave no details of BMW's precise strategy for Asia. However, Rover, with its smaller models and front-wheel-drive technology was an obvious choice for such markets, he declared.

He made clear that past tensions with Honda over Rover's takeover had now disappeared.

Union Pacific blocks line to Burlington Northern-Santa Fe merger

Friendly union of rivals off the rails

All points west



Source: Company reports

By Richard Tomkins in New York

The boards of two large US railway companies were yesterday meeting to decide how to fend off a surprise attack on their plan to create by far the country's biggest rail network.

At the end of June, Burlington Northern and Santa Fe Pacific, two of the four big railway networks on the western side of the US, announced that they planned to merge through a friendly takeover of Santa Fe by Burlington. The all-share offer puts a value of $2.47bn on Santa Fe.

Santa Fe's shareholders had been due to vote on the proposal next month. But late on Wednesday night, Union Pacific, another of the four biggest railway companies west of the Mississippi, unexpectedly launched a hostile bid for Santa Fe with a higher all-share offer, worth $3.23bn.

The immediate question posed by the Union Pacific bid is whether it is a serious offer or simply a disruptive tactic aimed at scuppering a friendly merger between two of its biggest rivals.

The price that Union Pacific has put on its offer is an obvious temptation to Santa Fe's shareholders. But they will have to consider the strong possibility that a merger between Union Pacific and Santa Fe would be rejected by the federal government on anti-trust grounds.

A precedent was set 10 years ago when Santa Fe took over Southern Pacific, the other big railway company west of the Mississippi. Long after the merger had been completed, the Interstate Commerce Commission, the federal authority that regulates the railway industry, ruled that it was uncompetitive and ordered it to be unbundled.

Burlington and Santa Fe have argued, with some justification, that their merger will not be anti-competitive because there are relatively few instances where their routes compete in parallel with one another. They describe it as an end-to-end merger of two complimentary networks.

Union Pacific may find itself on shakier ground with the competition authorities because its prime routes overlap with those of Santa Fe. Implicitly acknowledging the likely criticisms, it said it would guarantee open access on the merged company's routes to Burlington, Southern Pacific or any other railway companies.

Undoubtedly, the Union Pacific bid will be disruptive. It could wreck the Burlington offer by causing shareholders to demand a price that Burlington is not prepared to pay. At the very least, it will complicate the Interstate Commerce Commission's investigation of the deal – a process that can take up to 30 months.

Union Pacific, however, insisted that its offer was serious. It said the merger it was proposing would be better for Santa Fe's shareholders and bring more customer benefits than a merger with Burlington.

Santa Fe was silent ahead of yesterday's board meeting, but Burlington attacked the Union Pacific bid. "Our merger with Santa Fe was a direct response to the dominant position that Union Pacific has in the west," it said. "Union Pacific must understand that our end-to-end merger enhances competition. This is a case of Union Pacific using its market power to become even more dominant at the public's expense."

Whatever the outcome of the bid battle, the fact that two railway companies are fighting to acquire a third will emphasise how much the fortunes of the US railway industry have changed in the last few years. Once loss-making almost to the point of bankruptcy, US freight railways are now enjoying a surge in profitability because of cost-cutting and increases in productivity that following deregulation in 1980. Suddenly, it seems, railways are hot properties again.

Lex, Page 18

Allianz looks at UK for expansion

By Christopher Parkes in Frankfurt

Allianz Holding, the German insurance group, is casting around for further foreign acquisitions, and has a particular interest in the British life market, according to Mr Henning Schulte-Noelle, chairman.

The group, which last week announced the purchase for more than SFr5bn ($3.9bn) of most of Swiss Reinsurance's direct insurance interests – the biggest acquisition in its history – saw possibilities for expansion in Asia and central and eastern Europe.

Its aim was to strengthen Allianz where the scale and breadth of its business were insufficient to ensure competitiveness, growth and stable earnings, Mr Schulte-Noelle said yesterday.

The opportunity to buy Swiss Re's 60 per cent stake in Elvia, Switzerland's fifth-largest insurer, had taken Allianz by surprise, but gave it a unique chance to improve its position in the Swiss market, he added. Switzerland had been an especially weak spot in the group's make-up, and before its purchase of 30 per cent in Berner Holding, announced in June, it had a market share of 1 per cent.

Mr Schulte-Noelle yesterday reassured shareholders at the annual meeting that Elvia, plus Lloyd Adriatico and Vereinte – majority stakes which will also pass to Allianz – were profitable. Swiss Re's losses on direct insurance stemmed mostly from its Spanish subsidiary, he said.

Cornhill, the group's main UK business, increased its premium income almost 9 per cent to DM1.4bn ($900m) in the first half, and expected to improve annual earnings.

Growth in group-wide premium income slowed in the period to the end of June, rising 6.3 per cent to DM8.4bn. However, because the number of claims had eased 3.3 per cent, and administration costs had been cut, shareholders could expect an unchanged DM15 dividend for 1994 as long as there were no natural catastrophes or other "spectacular claims".

Storms in Germany this year had cost the group DM70m. Allianz AG, the parent company, had also paid out DM45m following the California earthquake.

North and South American profits were under pressure from rising interest rates, although premium income rose more than 9 per cent in the local currency.

About half US turnover came from life insurance operations, which had increased their premium income 15 per cent in the first half.

Growth in Europe had been dampened by unfavourable exchange rates. Although non-German premium turnover rose 4.6 per cent in local currencies, it fell on conversion.

French operations had suffered a fall in premium income. Cost reductions and restructuring had improved results, but French interests were not expected to return to profit before 1995.

Lex, Page 18

Impressed, but do they want to buy the company?

UK food brands fail to whet the investor's appetite

Why make do with just a cup of Tetley's tea or just a dab of Colman's mustard? If you really like the products, you can buy their makers. They are but two of the UK food manufacturers officially for sale, and many more businesses could be bought if the right offers were made to their increasingly reluctant parents. Northern Foods, Unigate, Hillsdown Holdings, Albert Fisher, Dalgety, Grand Metropolitan and Unilever are some of the companies the City believes would entertain offers for selective subsidiaries.

The last time the industry saw so many assets on the block was in the late 1980s. Most deals then were driven by ambitions to get into food manufacturing. It was seen as a growth area protected by strong brands and highly processed foods.

This time the pressure is on the sell side. Some companies such as Allied Domecq, seller of Tetley and the rest of its food activities, and Reckitt & Colman, seller of the eponymous mustard plus the rest of its UK food and drink lines, have decided to re-deploy their capital in spirits and household cleaners respectively.

The sellers also include companies, still committed to food, which are disposing of some brands to focus their food portfolio more sharply. Dalgety, for example, is making food a solely UK business while pushing its international ambitions in food ingredient and petfoods.

The trading environment is making food manufacturers reconsider their strategies. "A number of companies are finding it too hot to stay in," says Mr Ian Davis, a director of McKinsey, the management consultants.

Food price deflation, increasing competition from supermarket own-label products and price-conscious consumers have combined to shred manufacturers' profit margins. Crisps, baked beans and bread are just three products where prices have been driven down to uneconomic levels.

Each manufacturer has its own bête noire. For Associated British Foods, the largest UK baker, it is the supermarkets. "Supermarkets' own labels leave us branded fellows adrift," says Mr Garry Weston, ABF's chairman. He is now more interested in food ingredients than foods, and preferably outside the UK. To that end, ABF bought its first US manufacturing plants this week.

Not all products are similarly afflicted. Some such as prepared sauces are fast growing. Strong niche sectors such as mustard are too small to attract an own-label onslaught. On the down-side, though, packaged ambient foods are losing out to chilled and frozen foods. Some products need reviving. Tea and cakes, for example, look stodgy in the face of newer drinks and snacks.

Given the industry's problems, who would be buyers? The obvious ones are multinationals wanting to build up UK operations. CPC and Heinz from the US, Danone (formerly BSN) and Nestlé from continental Europe are mentioned most often.

Among UK companies, Northern, Unigate and Hillsdown are likely to turn buyers now they are close to selling off the last bits they do not want. Allied Domecq's food ingredients business could appeal to Dalgety and ABF at the right price.

Other companies are keen to buy brands or plants which bring economies of scale to manufacture and marketing while building market shares. But it is hard to find a company to buy to get you into fast growing areas, says Mr Richard Clothier, chief executive of Dalgety. The rare targets are typically "small companies that can't fund their own growth". The UK also remains an efficient place to make food for foreign sales where their value justifies the transport costs. ABF, for example, is sending frozen garlic bread to Holland.

The debate over prices becoming getting heated. Some sellers "have stretched their profit margins to glory relative to own-label products," says one food manufacturer expressing surprise at high asking prices.

"The sellers are still hankering after the prices of yesteryear but the buyers are looking to the low margins of tomorrow," says Mr Michael Landymore, a Henderson Crosthwaite analyst.

A study by Smith New Court of food acquisitions shows Cadbury Schweppes paying 15.5 times cashflow and two times book value for Trebor. The purchase gave it a big leg up in sugar confectionery and a mint brand to compete against Nestlé's Polo. In contrast, Hobson bought the Co-op's largely own-label food business, for seven times cash flow and 1.3 times book value.

Where bid and ask prices are far apart, realism could prevail in many cases. The restructuring pressures are too great to ignore. "People are realising they are not the right owners of some of their assets," one strategist says.

Roderick Oram

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September 1994

INTERNATIONAL COMPANIES AND FINANCE

Swiss cantonal banks to merge

By Ian Rodger in Zurich

Banque Cantonale Vaudoise and Crédit Foncier Vaudois, both controlled by the Swiss cantonal government of Vaud, have agreed to merge, creating Switzerland's fifth largest bank with assets of about SFr30bn ($23.4bn).

Neither bank is in difficulty, but the Vaud government said the increasingly competitive Swiss banking environment made the move desirable.

In recent months, the pace of consolidation in the Swiss banking sector has accelerated with the three big universal banks, Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse, each acquiring regional banks.

Two cantonal banks in Geneva have recently merged, and BCV's own assets grew by a third to SFr18.8bn last year as a result of rescuing the Banque Vaudoise de Crédit, a regional bank, in December.

A large portion of the capital of BCV and CFV is held by the public. The Vaud government *holds 52.3 per cent of the* shares of BCV, the larger of the two and a universal bank, and 47 per cent of CFV, which specialises in mortgage finance.

The transaction must be approved by the Vaud parliament and completion is not expected until the end of next year.

BCV said no decision had been made on the terms of the exchange of shares.

The merged bank, which would retain the BCV name, would cut its combined 150-strong branch network in half, *causing the loss of 400 of the* 2,400 workforce, the bank said.

BCV has begun to expand internationally, opening a representative office in Singapore together with the Zürcher Kantonal Bank, Switzerland's fourth largest bank.

● OZ, the quoted options subsidiary of Mr Martin Ebner's BZ banking group, has reported a SFr3.3m loss in the third quarter, bringing the loss for the nine months to SFr12.6m, compared with net income of SFr21m in the first nine months of last year.

OZ said the weak Swiss stock *market made necessary a high* level of depreciation on securities held.

Pargesa drops 6.6% to SFr105m in first half

By Ian Rodger

Pargesa, the Swiss investment group controlled by the Belgian financier Mr Albert Frère and Canada's Mr Paul Desmarais, reported consolidated net earnings of SFr104.8m ($81.80m) in the first half, down 6.6 per cent, mainly because of the rise of the Swiss franc.

Most of the group's industrial and financial holdings are based in Belgian and French *francs*.

Among its main Belgian holdings, Petrofina's contribution was up 36 per cent to BFr5.2bn ($153m) and that of the Tractabel utility advanced 2.8 per cent to BFr6.48bn.

The Royale Belge Insurance group raised its contribution 2.9 per cent to BFr4.58bn while that of Banque Brussels Lambert was up 26 per cent to BFr3.85bn.

Paribas, the main French holding, raised its contribution 13 per cent to FFr1.27bn ($227m).

However, the performance of the subholding companies GBL and Parfinance was hurt by weaker income from financial activities.

Orior, the Swiss sub-holding company, more than doubled its net income to SFr18.9m. This was mainly due to disposals.

The directors expect the earnings *trend for the full year* to be similar to that experienced in the first half.

Airfix flies back from US duty

By Peter Pearse in London

Arthur Reed, of Beatties store in London, with an Airfix model

Flotillas and squadrons of UK and US military might have been recalled from a lengthy tour of duty on the other side of the Atlantic.

The ships and aircraft, being miniature and plastic, are safe from defence cuts.

Airfix – a name familiar to boys of all ages – leads the task force. It is part of Humbrol, a £20m ($31.6m) hobby paint products company which also includes Heller, the French model kits maker.

Humbrol, which is also the UK's largest supplier of coffin *varnish, this week came under* the command of Allen McGuire, a Dublin investment partnership.

Allen McGuire bought Humbrol from Borden, the US foods group which has agreed to merge with buy-out specialist Kohlberg Kravis Roberts. Borden bought Humbrol's models, paints and DIY business in the 1980s – Airfix's life as a independent UK company ended in receivership in 1981 – and lodged it briefly alongside resins in its chemicals arm. Humbrol was later moved into the *international foods division* – the logic being that it made consumer products – where it languished until Borden started slimming down.

Mr Mike Ganley, Humbrol's managing director since the beginning of this year, will stay on as chief of staff. He said Allen McGuire had spotted a rare opportunity. Indeed the current top 10 table at Hamleys, the London store, shows traditional toys such as teddy bears, Barbie and Lego eclipsing electronic games.

"Airfix has an exceptionally *large mould bank going back* 40 years, with about 200 moulds never used", Mr Ganley said. He is keen to move beyond the military core, though this year's D-Day observances boosted sales and next year's end-of-war anniversary should also. He also wants to build up the DIY side.

But kits remain the palace guard. The UK's Institute of Plastic Modellers has about 8,000 members, Mr Ganley noted, "probably more than in the Institute of Directors".

Constantia net profits advance 20%

By Ian Rodger

Constantia Industrieholding, the diversified Austrian packaging and board group, said net profits jumped 20 per cent in the first half to Sch120m *($11m), and forecast a similar* rise in the full year.

Turnover of the family-controlled group was up 8.3 per cent to Sch6.5bn.

Constantia said its Iso division, covering building, sports and security systems, developed well in the first half.

The *packaging division* enjoyed a pick-up in orders, although raw materials became more expensive in the second quarter.

Constantia plans to unbundle into two groups in 1995 to improve transparency.

For every three Constantia shares, investors will receive *two shares in the Iso group* and one in the packaging group.

Telecom Italia to run Pirelli telecoms

By Andrew Hill in Milan

Telecom Italia, Italy's state-controlled telephone company, is to manage all national and international telecommunications services at Pirelli, the Italian indus*trial group which is one of its* main suppliers of cables.

The agreement, announced yesterday, strengthens the ties between the tyre and cable manufacturer and Telecom Italia.

The companies said the deal would lead to immediate savings at Pirelli.

It is the first such deal struck by Telecom Italia since it was formed earlier this year from the merger between Italy's main state-owned telecoms operators. The value of the accord was not disclosed.

Telecom Italia will initially work on a "virtual private network" linking Pirelli headquarters in Milan with 90 units around the world, using existing national telephone systems. Telecom Italia will also build a dedicated network for Italy, the US, Brazil, Argentina, France, the UK, Spain, Germany and Switzerland – the nine countries *which account for the bulk of* Pirelli's telephone traffic.

Mr Marco Tronchetti Provera, Pirelli's managing director since 1992, emphasises strong internal communication. The videoconference links he is putting in place throughout the group, to connect both management and research units, will now be Telecom Italia's responsibility.

As a customer, Stet, Telecom Italia's state-controlled parent company, accounts for less than 2 per cent of Pirelli's overall turnover, and between 3.5 per cent and 4 per cent of the group's cable sales. Mr Tronchetti Provera has said he is eager to collaborate with Stet on the development of telecoms and multimedia technology worldwide, using, for example, Pirelli's high-technology fibre-optic cables.

However, Pirelli has denied it plans to take a direct or *indirect stake in Stet in the* next phase of privatisation, due next year.

AEG sees sales of DM90m from high-energy battery

By Christopher Parkes

AEG, Daimler-Benz's loss-making electrical and electronics subsidiary, expects annual sales of DM90m ($58.4m) from a new high-energy battery when full production starts in 1998.

Mr Frank Dieter Maier, the director responsible for a pilot *production project* launched in Berlin yesterday, said the aim was to seize a leading position in the new market for electrically-powered passenger cars.

AEG aims to sell 15,000 of its sodium/nickel-chloride batteries in 1998, when laws come into force in California under which 2 per cent of car sales must be emission-free vehicles.

Full production capacity – on a site yet to be selected – would cost several hundred million D-marks, Mr Maier said. Capacity of the DM30m pilot project, set up to perfect automated manufacturing processes, will be 450 batteries a year.

He claimed the power units, developed in a joint venture with patent-holder Anglo American, the South African conglomerate, had three to four times more capacity than conventional lead-acid batteries, and gave a range of up to 150km in town traffic.

Reviewing the financial situation at AEG, Mr Georg Stöckl, chairman, said turnover had risen 7 per cent to DM6.4bn in the first eight months of the current year.

However, incoming orders were up only 1 per cent compared with the same period of 1993.

While he forecast that the heavily-restructured business would start showing operating profits next year, a net profit could not be expected until 1996.

The railways business in particular was suffering from falling prices caused by overcapacity. It had booked 12 per cent more new orders in the period to the end of August, but still needed to close one of its four German plants and reduce its workforce by a third.

Overall order intake rose 1 per cent in the period, confirming the ZVEI industry association's recent complaint that German electrical and electronics companies had yet to benefit from the economic recovery.

Microsoft links with Olivetti

By Alan Cane

Microsoft of the US has chosen Olivetti, the troubled Italian computer and office equipment manufacturer, as its second service and support partner for desktop systems in Europe.

Earlier this year it said ICL, the UK-based company owned *by Fujitsu of Japan, had been* selected as the first of a number of companies able to provide pan-European support for Microsoft's international customers.

Microsoft has taken a strategic decision to concentrate on software development, leaving systems integration, consultancy, maintenance and outsourcing to service partners.

Olivetti's revenues from desktop services amounted to *$1.13bn in 1993, including an* $810m contribution from Europe.

Olivetti said it was market leader for desktop services in Europe and was planning to invest $120m over the next three years establishing remote networking support centres.

Mr John Rogers, managing director of Dataquest Europe, the market consultancy, said Hewlett Packard of the US was second in desktop services with $498m in revenues in 1993, followed by AT&T and Groupe Bull of France.

SocGen offers to buy remaining Sogenal stock

By Andrew Jack in Paris

Société Générale, one of France's largest banks, yesterday announced a public offer to buy the remaining shares in Sogenal, a regional bank in which it is the dominant shareholder.

Sogenal's shares were suspended on the Paris bourse yesterday in advance of the offer, the price of which will be determined in the middle of November.

The offer – which will apply *to the 800,000 publicly-held* shares – is expected to be slightly in excess of the FFr127 at which the shares were trading yesterday before the suspension, after dropping slightly earlier in the day.

Société Générale already owns 94.5 per cent of Sogenal, which it set up in 1981.

The banking group said it intended to restrict Sogenal's operations to private banking, regroup its activities and concentrate on capital markets activities and links with large companies.

At the end of last month, Société Générale reported net *profits up 3.8 per cent to* FFr2.24bn ($420m) for the six months to June 30 this year.

Co-operation deal expected from Lufthansa

Lufthansa, the German national airline, will announce details of a co-operation deal on Monday, the company said yesterday, Reuter reports from Frankfurt.

A company spokesman declined to comment on the identity of possible co-operation partners, but the airline is expected to announce a deal with Thai Airways International.

● Mr Jan Stenberg, chief executive officer of Scandinavian Airlines System, expects to *announce an airline co-operation deal in the next few* months.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on 07.10.94 Pool purchase price £/MWh	Final Prices for Trading on 05.09.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.55	9.95	9.95
0100	9.66	9.59	9.59
0130	10.20	9.59	9.59
0200	23.82	9.59	9.59
0230	23.82	9.59	9.59
0300	23.82	9.59	9.59
0330	23.82	9.59	9.58
0400	10.40	9.59	9.59
0430	10.10	9.59	9.59
0500	10.02	9.59	9.59
0530	10.40	9.92	9.82
0600	10.20	9.84	9.84
0630	10.20	11.22	14.14
0700	26.47	15.84	18.55
0730	16.84	17.47	20.39
0800	26.53	17.77	20.69
0830	32.37	17.63	20.56
0900	32.49	18.56	21.49
0930	32.29	17.81	20.75
1000	32.22	19.33	22.27
1030	26.94	19.33	22.26
1100	26.89	19.32	22.26
1130	26.90	19.32	22.26
1200	26.87	19.33	22.26
1230	34.82	19.32	22.25
1300	26.63	18.56	21.49
1330	26.62	17.63	20.55
1400	24.82	17.77	20.69
1430	24.81	17.47	20.38
1500	24.81	17.47	20.39
1530	24.81	16.98	19.90
1600	10.81	17.47	20.39
1630	24.81	16.68	18.60
1700	24.82	16.90	19.82
1730	24.82	17.47	20.38
1800	24.82	16.98	19.90
1830	34.12	16.98	19.90
1900	34.25	16.90	19.82
1930	34.25	16.90	19.82
2000	34.17	16.90	19.82
2030	34.06	16.90	19.82
2100	17.98	16.90	19.82
2130	16.61	16.90	19.82
2200	16.47	16.90	19.82
2230	16.61	16.36	19.28
2300	16.38	16.24	19.16
2330	16.38	15.64	18.55
2400	10.50	13.47	16.39

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456788 between 8:30am and 5:15pm Monday to Friday.
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Deutsche Bank AG
Frankfurt am Main

End of conversion period for convertible bonds of the 4 % convertible bond issue 1984 of Deutsche Bank AG

Pursuant to the bond conditions, the conversion right from the convertible bonds of 1984 (stock index no. 393 000) may be exercised up to December 15, 1994.

Holders of such convertible bonds may, until the conversion period ends, exchange their bonds for shares of the borrower at the rate of 1 for 5. Each DM 250 convertible bond may be exchanged for one Deutsche Bank share of DM 50 par value; this corresponds to a conversion price of DM 250 per share of DM 50 par value. The shares are entitled to the full dividend for the current 1994 fiscal year.

If holders of convertible bonds exercise their right of conversion, they are not entitled to interest on such bonds for the period from January 1, 1994 to conversion date.

To exercise their conversion rights, bondholders must file written notice with the borrower through one of the conversion agents, all of whom will supply the required notification form. The main conversion agent is Deutsche Bank AG, Frankfurt am Main. The notice of exercise of the conversion right is binding. If becomes effective only upon receipt by Deutsche Bank AG, Frankfurt am Main, of the convertible bonds together with the last unmatured interest coupon and still unutilized *bearer receipts G and H by* Thursday, December 15, 1994 at the latest.

Convertible bondholders wishing to exercise their conversion rights are requested to contact their custodian bank as soon as possible. Notice of the exercise of conversion rights not received on or before expiry date may not, by reason of law, be accepted.

In accordance with standard stock market practice, the convertible bonds will be traded and officially listed on German stock exchanges for the last time on December 15, 1994.

Convertible bonds which have not been exchanged will fall due for repayment at par value at January 2, 1995

Frankfurt am Main, October 1994

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INTERNATIONAL COMPANIES AND FINANCE

American Express job cuts could reach 6,000

By Richard Waters in New York

American Express has confirmed it will undertake a wide-ranging overhaul of the back-office operations which support its card businesses in the US, in the process eliminating some 4,000 jobs.

The company also said it expected to cut a further 2,000 jobs by "streamlining" other support staff throughout its worldwide operations and at its headquarters.

Most of the cuts, out of a total workforce of 71,000, will come over the next two years as American Express closes four operating centres in the US.

The closures would be staged to avoid disruption, the financial services group said. Further streamlining will lead to more cuts "over the next several years".

The changes mark the second round of substantial cost-cutting undertaken by the company recently. Two years ago, American Express announced plans to axe 4,800 jobs as part of a move to reduce annual expenses by $1bn a year. The company said that target had been reached last year.

The switch to fewer operating centres reflects a change in approach as the financial services group broadens its range of products. At present, its charge card, corporate card and credit card products are handled in different centres. Plans to launch another 10-15 products in the next two years make this fragmentation impractical, the company said.

The continued focus on improved efficiency also reflects growing competition in the cards business. Although the market is growing strongly, card companies have suffered from rising interest rates, which have increased their financing costs, and the launch of a range of new credit cards.

The reorganisation – billed by American Express as a re-engineering of processes ranging from cardmember acquisition to product development – follows a study by consultants from Booz Allen & Hamilton into the company's costs.

Apple returns to the takeover limelight

By Louise Kehoe in San Francisco

Apple Computer, the personal computer maker, this week again become the subject of takeover speculation, with talk in the US markets that Motorola, the communications and semiconductor group, might be preparing a bid.

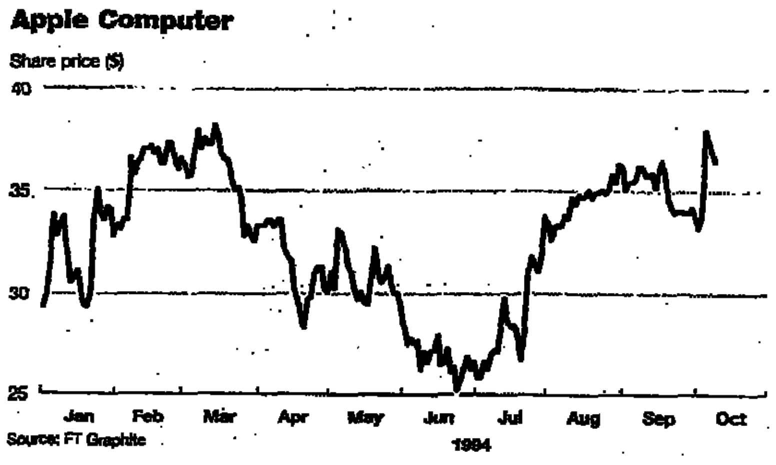
Although both companies declined comment and several industry observers expressed scepticism, Apple's share price jumped jumped $4¼, or 12 per cent, on Wednesday, to close at $37⅞. Yesterday, the price receded to $36⅞.

This is hardly the first time Apple has been at the centre of takeover speculation. Three years ago Mr John Sculley, former Apple chairman, tried to broker a "merger" with International Business Machines following the companies' agreement to form a wide-ranging technology alliance, which also involved Motorola.

AT&T, the telecommunications group, is also reported to have held talks last year with Apple about a possible takeover.

While there is no hard evidence to support the rumours that Apple is "in play", it is increasingly clear that it needs to form new partnerships – through either alliances or the sale of equity – if it is to maintain its momentum in the PC market.

Wall Street analysts expect Apple to post strong results over the next two quarters, with estimates of second-half profits ranging from $1.10 to $1.85 per share, up from 65 cents on an operating basis for the first half of the year.



But the longer-term outlook for the company is far less promising. Apple's share of the world PC market has declined over the past two years to about 10 per cent from about 14 per cent.

Apple's "installed base" of Macintosh computers is about 16m. This is dwarfed by an installed base of nearly 70m PCs running Microsoft's Windows software, notes Ms Lucianne Painter, a PC industry analyst at Salomon Brothers. "This makes the Windows platform the obvious choice for software developers to support," she says. Software programs for Windows PCs outnumber those for the Macintosh by more than 10 to one, according to Ms Painter.

Unless Apple can substantially increase the size of the market for Macintosh applications programs, it runs the risk of losing the vital support of software developers, narrowing still further the choice of new programs that users can buy off the shelf.

After years of internal debate, Apple recently announced plans to license its Macintosh software to other computer makers, so they could produce "Mac clones". The company's goal is to boost market share for computers running Macintosh software to 20 per cent by the end of the decade.

However, Apple is taking a cautious approach to licensing its software. The company aims to pick just a handful of licensees which address segments of the PC market where Apple has little presence. With most large PC makers now wedded to Microsoft's Windows, it is not clear that Apple will find many takers for its software.

Yet it urgently needs a partner that can boost the Macintosh share of the PC market, industry analysts say. Motorola's introduction this week of a range of computers based on the same PowerPC microprocessor chip used in Apple's latest products has led some industry observers to speculate that the two companies would be a good fit.

However, Motorola's computers – which the company aims to sell through third parties – are not designed to run Apple's software. It seems unlikely, therefore, that Motorola's plan is to seed the market for Macintosh clones.

Anyone interested in acquiring Apple will need deep pockets. Apple's market capitalisation, at the current share price, is approximately $4.3bn, and analysts speculate that it would sell at a substantial premium.

Kmart warns of fall in earnings in third quarter

By Richard Tomkins in New York

Shares in Kmart, the troubled US discount store group, fell $¾ to $16⅞ in early trading yesterday after the company warned that it expected to report a fall in earnings for its third quarter, ending in October.

If the prediction were fulfilled, it would be the eighth consecutive quarter in which the company's profits have declined.

Kmart said the main reason for the downturn was weakness in clothing sales. This was caused by unseasonably warm weather in the last three weeks of September, which had compared with cooler-than-normal temperatures in the same period a year earlier.

The company said the result had been to limit comparable store sales increases in the US to 1.5 per cent in September. A year earlier it reported a 7.2 per cent increase in same-store sales in the US, producing net income of $94m, or 20 cents a share.

Kmart said a weakness in margins on hardline goods would also hit third-quarter profits. This was caused by a shift in the sales mix towards promotional items.

The extent of the decline in profits would be influenced significantly by sales trends and the sales mix this month, which should be more favourable than in September, Kmart added.

Last month the company announced it was closing 110 of its discount stores, with the loss of 6,000 jobs, in an attempt to arrest its decline.

NYSE poised to name Grasso as chairman

By Patrick Harverson in New York

The board of the New York Stock Exchange was late yesterday expected to elect Mr Richard Grasso as its chairman to succeed Mr William Donaldson, who steps down next May when his four-year term expires.

The election of the 48-year old Mr Grasso, president and chief operating officer of the NYSE, will mark the first time that a member of the exchange's staff has ascended to the chairman's office.

In its 202 years, the "Big Board", as it is known on Wall Street, has always been run by a prominent figure from stockbroking, business or politics.

Mr Grasso's elevation was expected to be confirmed unanimously by the board, which decided – for only the second time in the NYSE's history – not to employ a search committee to find a new chairman.

This decision reflected the belief among exchange insiders that Mr Grasso, who has worked at the Big Board for 26 years, was the right man for the job.

Mr Grasso lacks the high profile in Washington and the New York financial community of his predecessors, including Mr Donaldson, who helped found the broking firm Donaldson Lufkin & Jenrette and later worked as an undersecretary of state for Mr Henry Kissinger in the 1970s.

However, his supporters point out that his knowledge of the exchange's operations and technology, and his popularity with the Big Board's floor brokers and traders, make up for any shortage of influence outside the NYSE.

Mr Grasso joined the exchange in 1968 as a listing representative. In the intervening years, he made steady progress up the ranks, becoming president and chief operating officer in 1988, and executive vice-chairman in 1991.

Among his most pressing tasks when he assumes the chairmanship on June 1 will be to stem the flow of business away from the Big Board to screen-based, electronic trading systems and foreign exchanges, and to attract more listings of non-US companies.

Warning on Canadian insurers

By Robert Gibbens in Montreal

More Canadian insurance firms are in danger of failure following the collapse of Confederation Life and Sovereign Life, Mr John Palmer, the new head of the Federal Office of Financial Institutions (OSFI), has warned.

"As restructuring of the industry continues, some institutions will fall by the wayside," Mr Palmer told a senate committee probing the collapse of Confederation Life in August. He urged that the OSFI be given powers to supervise investment portfolios more closely, to avoid excessive exposure to property and other large sectors.

He said the OSFI must be able to intervene quickly with independent reviews of individual firms and their investment and actuarial policies.

However, Mr Palmer brushed aside suggestions from industry leaders that the federal government set up the equivalent of the Canada Deposit Insurance Corporation to protect depositors and annuitants of insurance companies against collapse. CDIC guarantees bank and trust company deposits up to a maximum C$60,000 (US$44,776).

"The existing life insurance industry protection fund should have access to greater borrowings, but more reliance on government is not the answer," said Mr Palmer.

"All financial institutions and consumers should rely more on market discipline and not less."

Canada's phone groups launch multimedia link

By Robert Gibbens

Canada's nine biggest telephone companies have launched MediaLinx, a national multimedia highway, to compete directly with the cable television industry.

MediaLinx is 60 per cent owned by BCE, Bell Canada's parent company. It will offer consumers video-on-demand entertainment, interactive home shopping and financial services, education courses, data, healthcare, publishing and some government services.

It has a five-year budget of C$250m (US$186.5m) to develop the technology needed.

MediaLinx, made possible by a regulatory decision last month, is part of the C$8bn Beacon project through which the phone companies will upgrade all their transmission systems to fibre optics with co-axial connections to the home over the next decade.

● DMR, a leading Canadian-based information technology consultant, lifted net profit 28 per cent to C$1.1m, or 8 cents a share, on revenues of C$71m for the first quarter ended August 31, up 17 per cent.

CBoT to launch after-hours trade on October 20

By Laurie Morse in Chicago

The Chicago Board of Trade will launch its long-delayed after-hours computer trading system on October 20.

The system, known as Project A, will allow traders to use the CBoT's financial futures and options products during the late afternoons when the exchange's pits are closed.

Initially, Project A trading will be open for two hours, from 2.30pm to 4.30pm local time, bridging the gap between afternoon pit closures and the start of the CBoT's night floor trading session.

Hoechst sees 20% rise

Hoechst, the German chemicals multinational, expects 1994 net profit to be up "more than 20 per cent", said Mr Günter Metz, vice-chairman in charge of US operations, AP-DJ reports from Mexico City.

"But that's still not enough," he added, saying the company continued to have problems worldwide in fibre and polymer sales.

Mr Metz was attending the 50th anniversary of Celanese Mexicana, Hoechst's Mexican subsidiary.

Hoechst has a 51 per cent participation in Celanese.

He declined to comment on speculation that the company was considering buying a leading US chemical company.

Hoechst has acknowledged "holding discussions with several different US companies", but has refused to comment on rumours of a bid for Marion Merrell Dow, a unit of Dow Chemical.

Mr Metz did say, however, that Hoechst had aggressive plans to expand its US business. "Our position in the North American market isn't a very big one," he said. "We have a target of becoming one of the top three or five" chemical companies there.

CONTRACTS & TENDERS

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DOPPLER WEATHER RADAR SYSTEM
SIMEPAR TENDER Nº 002/94
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The AGRONOMIC INSTITUTE OF PARANÁ – IAPAR will receive until 2:00 p.m. on the 23 November 1994, at the Paraná State Meteorological System – SIMEPAR at the Polytechnic Center of the Federal University of Paraná, Jardim das Américas, Curitiba – Paraná – Brazil, the Documentation for Eligibility and Technical and Commercial Proposals to manufacture the equipment for the Doppler Weather Radar System, the complete description of which is contained in the Technical Specification, the opportunity for which will begin in public session by the opening of the envelopes containing the Documents of Eligibility.
The bidding will be of a type, for Technical Quality and Price as Governed by the Brazilian Federal Statute 8.666/93 and the specific conditions contined in this edict.
It is projected that the system for tender shall be an integral part of the Paraná Stats Meteorological System – SIMEPAR and is to be a priority for the work in Scientific and Technological Research, and by complimentary to the operational activities.
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A complete copy of the document for bidding, in Portuguese and in English may be obtained by interested parties on payment of a non returnable fee of R$ 300,00 (three hundred Reals) up until 10 (ten) days before the above established deadline for receiving proposals.
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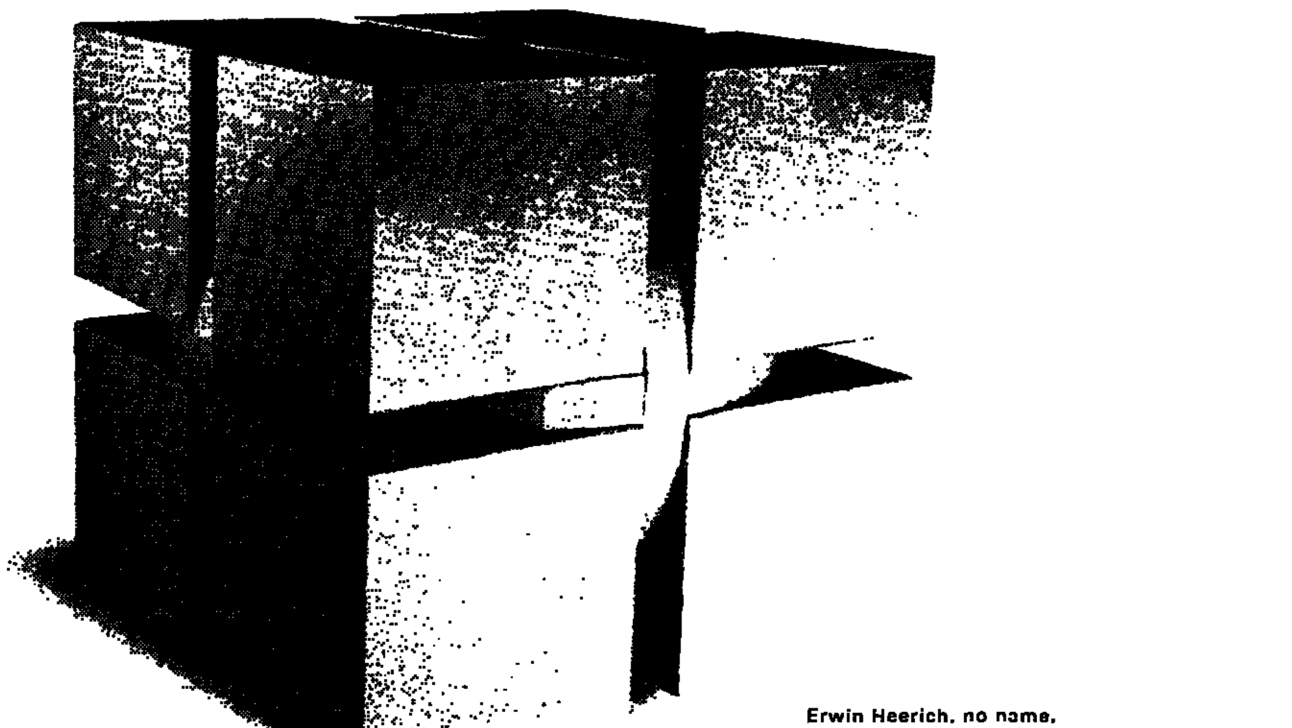

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Brazil holds back from imposing capital controls

By Stephen Fidler, Latin America Editor

A senior Brazilian central bank official said yesterday that the government may consider imposing capital controls in some circumstances, but ruled out Chilean-style restrictions on the exit of capital.

Mr Gustavo Franco, director of international affairs at the central bank, said the type of capital controls introduced for a period late in 1993 "may be used again if necessary but we'd rather not need to use them". These controls included a tax on some inflows, mainly designed to prevent surges of short-term capital.

He added that two rules would govern any decisions made on the subject:

● Rules should not be changed for decisions taken in the past, but only relate to future decisions;

● Rules should not be introduced that would affect the exit of capital – to do so would be unfair.

Speculation in Brazilian financial markets that capital controls would be imposed has been cited as a factor depressing the stock market in recent days. The fear is that large inflows following the probable victory of Mr Fernando Henrique Cardoso in Monday's election could damage the finely-poised anti-inflation strategy by either over-elevating the exchange rate or by swelling money supply.

Mr Franco said that a path of low-inflationary growth implied two new elements for the Brazilian economy: a strong exchange rate and current account deficits, instead of surpluses run over the last decade. A current account deficit was the corollary of capital inflows the country needed to tap foreign savings.

In reference to Mexico's high current account deficit, which exceeded 6 per cent last year, he said: "There is no point in thinking Brazil is going to become like Mexico, but there is no point either in becoming mercantilists and thinking that having a very large trade surplus is good for the economy."

He added: "Appreciating the currency and trade liberalisation are things that make good economic sense".

The last stage of the so-called Real plan – the introduction of a new currency in July – has brought inflation down to about 1 per cent a month in September from about 45-50 per cent earlier in the year.

"It was a good start, but let's not get the idea that that the whole thing is finished," Mr Franco said.

Future growth demanded public savings and that would only, paradoxically, come with austerity. "Growth under fiscal discipline and under democracy is the challenge of the next administration," he said.

He was speaking at a seminar organised in part by Banco do Brasil, Latin America's largest bank and part state-owned, which yesterday announced the opening of a new securities subsidiary in London.

The subsidiary, BB Securities will underwrite, trade and market emerging market securities. It will aim to raise capital for companies from Brazil and other South American countries, according to Mr Alcir Calliari, Banco do Brasil chairman.

Huaneng joins NYSE with $650m offering

By Martin Brice

Huaneng Power International, the Chinese electricity generating group, yesterday made the biggest US offering by a Chinese company when it listed on the New York Stock Exchange following a $650m initial public offering of 31.25m American depositary shares at $20 each.

The issue represents about 25 per cent of the outstanding share capital, with each ADS representing 40 ordinary shares.

Trading after the launch was reported by global co-ordinator Lehman Brothers to be light, and the price held at $20.

The issue was sold in three tranches, 50 per cent in the US and 25 per cent each in Asia and the rest of the world. Lehman Brothers was also lead manager for each tranche.

This deal follows the first primary listing in New York by a Chinese company, when Shandong Huaneng Power Development made a $330m IPO in August.

NEWS DIGEST

Poseidon to re-open Gecko copper mine

Poseidon Gold, part of Mr Robert Champion de Crespigny's Normandy Poseidon group, is to recommission the Gecko copper mine at Tennant Creek in the Northern Territory, writes Nikki Tait.

The mine was put on a care and maintenance basis last year because of the weak copper price. However, PosGold said yesterday that the recent improvement in metal prices meant that it had been able to forward-sell enough copper, gold and currency to ensure the mine's full operational status to June 1998, based on current reserves.

Production is now due to commence in April next year, after a treatment plant upgrade.

Daewoo plans stake in Indian firm

Daewoo Corporation of South Korea is planning to take an equity stake in a finance company floated by DCM of India, with which it has a joint venture to manufacture cars, a senior official of the local company said on Wednesday, Reuter reports from New Delhi.

The official said the South Korean company was keen to take a stake in DCM Financial Services, through its Daewoo Securities offshoot, to finance the sale of cars to be manufactured in India.

Burns Philp in Vietnam venture

Burns Philp, the Australian group which has been aggressively expanding its food ingredients operations recently, yesterday announced that it was entering a joint venture in Vietnam, to build and operate a yeast and bakery ingredients factory, writes Nikki Tait.

Its joint venture partner will be Vinasugar, Vietnam's largest sugar manufacturer. The factory will be based in Dong Nai Province, to the north-east of Ho Chi Minh City.

The deal requires government approval, but Burns said it was hopeful this would be granted before the end of 1994.

Goldsmith lifts share in Bendigo Mining

Sir James Goldsmith, the Anglo-French investor, has raised his beneficial interest in Bendigo Mining, a small listed company looking at reworking the Bendigo gold field in Victoria, writes Nikki Tait.

He has purchased a further 6m shares, to take his total holding to 13.5m. Historically, Bendigo has been Australia's second most productive field after Kalgoorlie's "golden mile", although mining halted in the 1950s.

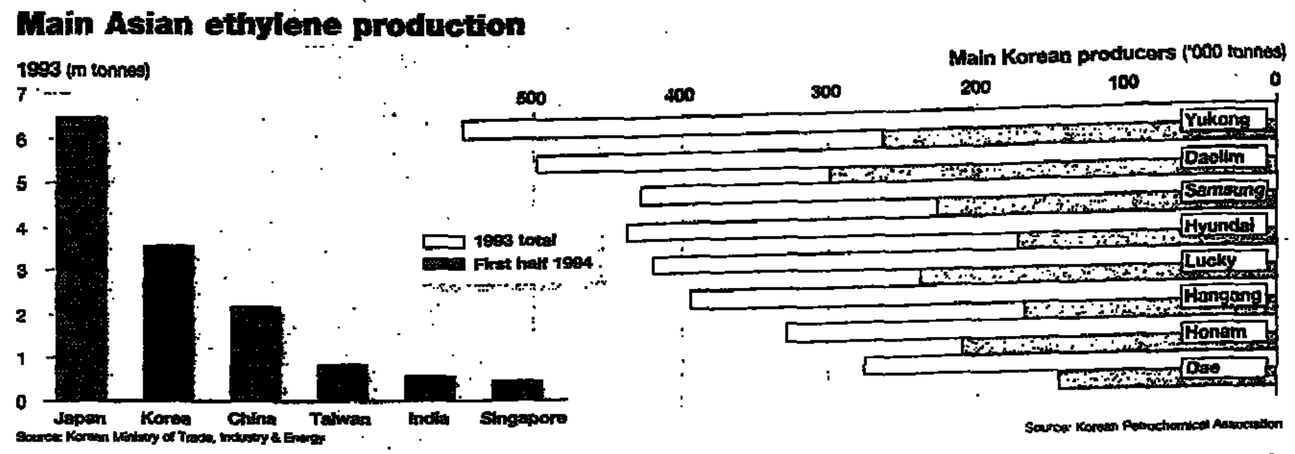
CSR expects A$100m from pension surplus

By Nikki Tait in Sydney

CSR, the Australian sugar and building products group, announced yesterday that it expects to receive a A$100m (US$73.50m) cash transfer early next year as a result of the surplus in its superannuation fund.

The company said that the fund had an actuarial surplus of A$290m when it was last valued. Accordingly, after 12 months of negotiation, it has been decided that CSR will enjoy one third of this; that a further A$100m will be used to improve fund members' benefits; and that the remaining surplus will stay in the fund "to maintain a buffer".

CSR will treat the bonus – on which it will pay tax – as an abnormal item in its next profit and loss statement.



Source: Korean Ministry of Trade, Industry & Energy

Source: Korean Petrochemical Association

Recovery fuelled by rising demand

South Korea's petrochemicals industry is coming back to life

South Korean petrochemical companies are recovering from a prolonged slump due to increased demand abroad and the unexpected shutdown of several important petrochemical plants around the world.

The improved outlook is in sharp contrast to the bleak situation that South Korea's eight leading petrochemical firms faced only a year ago.

The industry, which ranks fifth in world production with a 4 per cent global share, then suffered from excess capacity after the government allowed a rush of new entries into the then-profitable petrochemical sector in the 1980s.

To make matters worse, the worldwide recession of the early 1990s cut petrochemical prices and slowed sales for the Korean companies, which also had to bear heavy debt burdens from the rapid expansion of facilities.

With the government regulating domestic petrochemical prices as part of an anti-inflation programme, South Korean companies were forced to dump their products in foreign markets at rates half that of international prices.

"During that period, South Korean petrochemical companies increased their capacity seven-fold, which disrupted the international price structure," said Mr Kim Kyung-tae, a senior researcher at the Korea Institute for Industry, Economy and Trade (KIET).

As combined losses last year grew to $1.25bn from $875m in 1992, petrochemical makers unsuccessfully lobbied the government to permit them to form a "recession cartel" that would limit production and set minimum prices. But companies are now reporting their first growth in profit for several years. Prices are climbing as a surge in Asian demand coincides with a cutback in global production caused by the temporary closure of several naphtha cracking complexes (NCC), which produce the raw material for petrochemical products.

The production cuts follow recent accidental explosions at Exxon's facility in Louisiana and Enichem's Prioli plant in Italy, the largest ethylene producer in Europe.

"There have also been a series of unexpected plant shutdowns throughout Asia, including Malaysia and Taiwan. A couple of South Korean NCCs have also been closed this summer for routine repairs, while only 60 per cent of Japanese NCCs are fully operating now due to a water shortage from the worst drought in decades," said an official at Lucky, the petrochemical unit of the Lucky-Goldstar group.

This has provided an opportunity for South Korean petrochemical companies to fill growing demand in south-east Asia and China, its main export markets. Competing exports to the region from the US have fallen as its producers keep busy meeting rising domestic demand.

There is also strong growth at home as South Korea's leading industries, which are enjoying an export boom, consume large amounts of petrochemicals as raw materials for their products.

In the first half of 1994, Lucky reported a 61 per cent increase in net profits to Won41.9bn ($52.41m). Yukong, the nation's largest refiner, had a 23 per cent rise in net earnings to Won37bn, primarily due to the improved performance of its petrochemical business.

Hanyang Chemicals reported a profit of Won3.5bn for the first half after losses of Won4.9bn last year. Losses at Honam Petrochemical, a subsidiary of the Lotte group, shrunk to Won11.1bn from Won35bn a year ago.

"The main reason behind the increased earnings is a sharp rise in the export prices of petrochemical products," said Mr Ko Jae-pom, an official at the ministry of trade, industry and energy.

"Prices of ethylene, a major raw material for downstream petrochemicals, have soared by 67 per cent from $295 a tonne in January to $494 in September, while prices for polypropylene have also jumped to $695 in September from $535 in January."

Although analysts believed that the boom in petrochemical prices would only be temporary, there is growing optimism that the recovery may last a couple of years.

"The closed NCCs will not be able to operate until the second or third quarter of 1995, which should ensure a favourable business climate for the South Korean petrochemical industry for some time," said the Lucky official.

Mr Kim Jong-chul, an analyst with BZW Securities in Seoul, predicts that there will be a continuing shortage of petrochemical supplies for the Asian market due to the plant shutdowns and lower US exports to the region.

"We also expect a series of additional plant shutdowns to come on stream in the next couple of years as the producers raise operating rates of their NCC units, which would inevitably require more preventive and unexpected repair work," he said.

"I think that the petrochemical companies may post another year of losses in 1994 or perhaps break even. But next year will show a return to profitability," predicted Mr Kim at KIET.

One sign of renewed confidence is that Samsung General Chemicals and several other petrochemical companies are asking the government for permission to expand their facilities.

But the ministry of trade and industry, concerned about a possible renewed threat of overcapacity, is taking a cautious attitude to the requests until it is convinced that global demand will remain firm.

The ministry, however, agreed this week to allow Samsung to expand its facilities for the production of styrene monomer, a secondary petrochemical product, with the understanding that the increased capacity would only be used for exports.

Clara Kim and John Burton

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Formerly General Mining Union Corporation Limited
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NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

Notice is hereby given that a general meeting of the shareholders of the company will be held in the boardroom, ground floor, Union Corporation Building 74-78 Marshall Street, Johannesburg at 10:00 on 21 October 1994, immediately following the annual general meeting and the meeting to approve the new Gencor share incentive scheme, for the purpose of considering and, if deemed fit, passing with or without modification, the following ordinary resolution:

"RESOLVED that the acquisition by a wholly-owned subsidiary of Gencor of certain metals and mining assets from the Shell group, pursuant to an agreement dated 26 July 1994, copies of which have been tabled at this meeting and initialled by the Chairman of the meeting for identification purposes, be and is hereby ratified, adopted and approved."

A member entitled to attend and vote at the general meeting may appoint one or more proxies (who need not be members of the company) to attend, speak and vote in place of that member at the general meeting. For such purposes, a form of proxy is attached to the circular.

Attention is drawn to the fact that, in order for it to be effective, a completed form of proxy must reach the transfer secretaries of the company in South Africa or in the United Kingdom (at the respective addresses set out in the circular to which this notice is attached and of which it forms part) at least 48 hours (Saturdays, Sundays and public holidays excluded) before the time appointed for the holding of the general meeting, being before 09:30 on Wednesday, 19 October 1994.

The holder of Share Warrant to Bearer, who wishes to attend or be represented at the meeting, may obtain information regarding the formalities to be complied with on application to Gencor (U.K.) Limited.

Copies of a Circular to Shareholders incorporating a notice of general meeting are available from:-

- Gencor (U.K.) Limited, 30 Ely Place, London EC1N 6UA
- Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle
- Credit Suisse, Paradeplatz 8, (Postfach 590) 8021 Zurich
- Union Bank of Switzerland, Bahnhofstrasse 45, PO Box 645 CH-8021 Zurich
- Credit du Nord, Services aux Emetteurs de Titres, 34 Rue des Mathurins, 75008 Paris

Holders of Share Warrants to Bearer wishing to receive a voting certificate (with form of proxy attached) must deposit their share warrants with one of the above mentioned offices not less than five clear days before the said meeting.

per pro GENCOR (U.K.) LIMITED
London Secretaries
M Taylor

6 October 1994

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BONGRAIN S.A.

Improved Net Operating Income

For the first half of 1994, BONGRAIN S.A. registered an improvement of 3.4% in net operating income compared to the same period for 1993, with sales up by 2.7%.

In an economy which still showed no significant improvement in consumption, the first half-year was again impacted by insufficient margins on excess milk and by-products.

This factor is the main cause of the fall of 1.3% of value added compared to the first half of 1993. The improvement in the market for excess milk and by-products recorded at the beginning of the second half of 1994 should reduce the full year variance.

Monetary instability, especially the big decrease of the dollar's exchange rate as well as the valuation methods applied to short-term investments, account for the variance in net financial income and expense.

Consolidated earnings (in million French Francs)	June 30, 1994	June 30 1993	% change
Net sales	4,794.1	4,670.5	+ 2.7
Value added	1,393.6	1,411.7	- 1.3
Net operating income	+ 309.9	+ 299.8	+ 3.4
Earnings before extraordinary items	+ 268.1	+ 297.7	- 9.9
Net earnings excluding minority interests	+ 162.7	+ 169.6	- 4.0

The change in the consolidated activities, due to the inclusion of the operating activities of the BRESSOR Group and to the 1993 divestment of COLOMBO, has no effect on net earnings excluding minority interests.

Investors in the Bond/Note Issues set out below are advised that as of 5 October 1994, the Primary Industry Bank of Australia Limited (PIBA) became a fully owned subsidiary of Rabobank Nederland.

The issues are:

Luxembourg Franc 300 million	10⅜ pct	Due November 1995
Luxembourg Franc 500 million	9⅝ pct	Due May 1999
Luxembourg Franc 500 million	9⅞ pct	Due December 1995
New Zealand Dollar 50 million	8⅝ pct	Due March 2000
Australian Dollar 50 million	7 pct	Due September 1998
Australian Dollar 50 million	6⅞ pct	Due February 1998
United States Dollar 75 million	Floating Rate Note	Due March 1999

The above mentioned Bonds/Notes were not guaranteed by PIBA's previous owners and are not covered by the new guarantee provided by Rabobank Nederland. The new guarantee will only cover obligations contracted after the sale of PIBA to Rabobank Nederland and the guaranteed obligations will be rated "AAA/A-1+" by Standard & Poor's. The ratings assigned to Australian Dollar obligations entered into PIBA prior to its sale to Rabobank Nederland have been raised to "AA+/A-1+" from "A/A-1". The rating assigned to the US$ 75 million Floating Rate Note has been raised from "A" to "AA" (subject to the "AA" Commonwealth of Australia foreign currency sovereign ceiling).

Investors requiring further information should write to the Treasurer, Primary Industry Bank of Australia Limited, GPO Box 4577, Sydney NSW 2001, Australia.

U.S. $100,000,000

SBAB

Statens Bostadsfinansieringsaktiebolag, SBAB
(Incorporated with limited liability in the Kingdom of Sweden)

Subordinated Floating Rate Notes due October 2002

Notice is hereby given that for the six months Interest Period from October 7, 1994 to April 7, 1995 the Notes will carry an Interest Rate of 5.75% per annum. The interest payable on the relevant interest payment date, April 7, 1995 will be U.S. $145.35 and U.S. $2,906.94 respectively for Notes in denominations of U.S. $5,000 and U.S. $100,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
CHASE
October 7, 1994

MALAYSIA

US$650,000,000
Floating rate notes due 2005

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 7 October 1994 to 7 April 1995 the notes will carry an interest rate of 5.9375% per annum. Interest payable on 7 April 1995 will amount to US$300.17 per US$10,000 note and US$7,504.34 per US$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

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Notice of Event of Default
Banca Cremi, S.A.
9% Notes Due 1995

Pursuant to the provisions of Conditions 9 and 11 of the Terms and Conditions of the 9% Notes due 1995 (the "Notes") issued by Banca Cremi, S.A. (the "Issuer"), notice is hereby given of the occurrence, on about September 6, 1994, of an "Event of Default" described in subparagraph (vi) of Condition 9 of such Terms and Conditions. According to an announcement made by the Ministry of Finance and Public Credit of Mexico on September 6, 1994, the Ministry has instituted a managerial intervention by the National Banking Commission ("NBC") of Mexico of all of the entities forming a part of the Cremi-Union Financial Group, including the Issuer. According to the Ministry's announcement, a "managerial intervention" involves the substitution of existing management of the entities by broadly empowered appointees of the NBC. Such action appears to constitute an assumption by the government of Mexico or an authority thereof of the business and operations of the Bank within the meaning of subparagraph (vi) of Condition 9 of the Terms and Conditions of the Notes. Pursuant to the further provisions of Condition 9, the Holders of Notes of at least 33 1/3% in aggregate principal amount of the Notes outstanding may, by written notice to the Issuer and the undersigned Fiscal Agent, declare the principal of all the Notes to be due and payable

The Bank of New York as Fiscal Agent
THE BANK OF NEW YORK
Dated: October 6, 1994

Notice of Event of Default
Banca Cremi, S.A.
8.375% Notes Due 1995

Pursuant to the provisions of Conditions 9 and 11 of the Terms and Conditions of the 8.375% Notes due 1995 (the "Notes") issued by Banca Cremi, S.A. (the "Issuer"), notice is hereby given of the occurrence, on about September 6, 1994, of an "Event of Default" described in subparagraph (vi) of Condition 9 of such Terms and Conditions. According to an announcement made by the Ministry of Finance and Public Credit of Mexico on September 6, 1994, the Ministry has instituted a managerial intervention by the National Banking Commission ("NBC") of Mexico of all of the entities forming a part of the Cremi-Union Financial Group, including the Issuer. According to the Ministry's announcement, a "managerial intervention" involves the substitution of existing management of the entities by broadly empowered appointees of the NBC. Such action appears to constitute an assumption by the government of Mexico or an authority thereof of the business and operations of the Bank within the meaning of subparagraph (vi) of Condition 9 of the Terms and Conditions of the Notes. Pursuant to the further provisions of Condition 9, the Holders of Notes of at least 33 1/3% in aggregate principal amount of the Notes outstanding may, by written notice to the Issuer and the undersigned Fiscal Agent, declare the principal of all the Notes to be due and payable.

The Bank of New York as Fiscal Agent
THE BANK OF NEW YORK
Dated. October 6, 1994

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For all your investment and occupational requirements in South Africa or further information on this emerging market contact:
Duncan Watt/Richard Weller
MICHAEL LAURIE
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INTERNATIONAL CAPITAL MARKETS

Treasuries little changed ahead of jobs data

By Frank McGurty in New York and Conner Middelmann in London

The US Treasury market took a breather after three straight losing sessions as traders nervously awaited this morning's jobs data.

By midday, the benchmark 30-year government bond was unchanged at 94 29/32, with the yield holding steady at 7.941 per cent. At the short end, the two-year note was up 1/32 at 99¾, to yield 6.687 per cent.

With no first-tier economic news on offer, attention turned to today's report on the labour market last month. Economists are expecting the government to report an increase in non-farm payrolls of about 250,000, a figure which would suggest moderate growth.

An increase that exceeded that level would probably trigger fresh declines, traders said, especially in long-dated government bonds.

In recent sessions, fixed-rate investors have become concerned that the Federal Reserve was allowing the economy to grow too fast to contain inflation. If the payroll increase exceeded 300,000, many are predicting the Fed would act immediately to put up short-term rates.

Anxieties over the economy's strength and its implications for monetary policy have upset the market for weeks. Yesterday provided an opportunity to regroup before a crucial piece of evidence arrived.

A firmer dollar and receding commodity prices provided a calming backdrop, allowing traders to ignore the release of September sales data from leading retailers.

The morning brought two bond-favourable snapshots of the employment picture. The Labor Department said that initial claims for unemployment benefit had risen by 7,000 last week and the Conference Board, a trade group, said its "help-wanted" advertising index had declined from July to August amid signs that the labour market was cooling in the second half of the year.

GOVERNMENT BONDS

■ European government bonds won a small reprieve yesterday, recouping some of their recent losses in moderate turnover. Weaker-than-expected economic data in Germany and the UK lent some support, but traders said most of the gains came from short-covering after Wednesday's sharp sell-off.

They said investors remained reluctant to commit themselves to any new positions so close to today's keenly awaited US employment numbers, which many fear could trigger another interest rate increase by the Fed.

■ UK gilts once again outperformed most of Europe. The December long gilt future on Liffe rose 19/32 to 99 19/32.

Gilts received a boost from lower than expected industrial production and manufacturing output data, which indicated that the economy is not overheating and eased fears of inflation and monetary tightening. This boosted especially the short end of the yield curve, where the December contract rose by 0.12 to 93.30.

"People realise that even if rates go up, they won't rise as sharply as was factored in earlier," said Mr Adrian James, of NatWest Markets.

Gilts gained further support from continued buying by UK pension funds and some continental investors. The 10-year gilt spread over bunds narrowed again, to 127 basis points from 133 on Wednesday.

■ German bunds recovered some of Wednesday's losses, with the December bund future on Liffe ending about 0.27 points higher on the day. Support came from news of a 2.2 per cent drop in manufacturing orders for August.

However, with bunds overshadowed by the elections and key US data, dealers see little scope for clear progress until the second half of the month.

■ French bonds ended a shortened session slightly higher after dealings were halted around lunchtime when union workers from French car manufacturer Renault occupied the trading floor.

■ Italian bonds bounced back from Wednesday's precipitous fall, with the BTP future on Liffe rising some 0.54 points to 97.85. However, the market is likely to remain jittery amid political tensions and uncertainty over the budget bill's parliamentary approval.

BZW launches commodities fund

By Graham Bowley

Barclays de Zoete Wedd yesterday launched a new commodities investment fund which it claims is the first fund to be listed on the London Stock Exchange offering investors access to a wide range of commodities.

The Jersey-based investment fund, which will be managed by BZW Investment Management (BZWIM), has already attracted £70m of institutional interest.

A shelf registration has been filed with the London Stock Exchange putting a maximum of £200m on the amount of the fund.

Mr Ronald Gould, the managing director of BZWIM, said that "despite difficult general market conditions, there has been widespread global interest" in the commodities fund "based on the strong investment outlook for commodities and their powerful diversification benefits".

Investor interest in real assets, such as commodities, has been aroused recently following the strong economic upturn in parts of Europe and the US, which has caused sharp rises in some commodity prices, coupled with signs of a resurgence in inflation and rising interest rates. Commodities can be used as a hedge against inflation and as a play on economic growth.

The minimum investment required by the fund is £5,000.

The fund was due to be launched in early September. However, unexpectedly strong interest from Japanese investors prompted a delay in the publication of the fund's pathfinder prospectus to allow time for it to get clearance from Japan's ministry of finance. Japanese investors account for around £10m of the shares already placed.

The fund will aim to outperform the Goldman Sachs Commodity Index by giving a greater weighting to industrial materials and energy, which BZW thinks should benefit the most from stronger economic growth.

Intelsat taps 10-year sector with cheaply-priced $200m deal

By Graham Bowley and Martin Brice

Few borrowers braved the eurobond market yesterday ahead of today's US employment data, which could prompt a further rise in US short-term interest rates. The US dollar sector saw most activity, with deals from Intelsat and Morgan Guaranty Trust.

Intelsat tapped the longer end of the dollar sector with a 10-year $200m offering priced to yield 55 basis points over US government bonds.

Syndicate managers described the pricing as cheap and the spread tightened to around 50 basis points once the bonds were freed to trade. "These bonds were priced to clear," said one trader.

"The market is still difficult but the general feeling is that if you can pick your spot and price to recognise market conditions then you can get your deal done," said another.

Intelsat makes rare appearances in the eurobond markets. In March this year it brought a 10-year $200m bond offering, which was priced, launched and syndicated in Asia Pacific (excluding Japan).

That deal, which was offered at the tighter spread of 37 basis points over the US Treasury bond, was not seen as a success at the time. It was important, therefore, that yesterday's deal was a success, syndicate managers said.

INTERNATIONAL BONDS

Morgan Guaranty Trust tapped the shorter end of the dollar sector with a $200m offering of two-year bonds priced to yield 19 basis points over US government bonds. Syndicate managers said the bonds were fairly priced.

Lead manager J. P. Morgan said it had sold $60m of its own allocation of $136m and had only taken back $10m of the $64m allocated to other banks.

Demand came from Swiss and Benelux retail investors, and to a lesser extent from the Middle East and Germany.

Goldman Sachs and CS First Boston have cut 25 basis points from the 40 basis points launch spread on the $200m Reed Elsevier five-year bond issued last month, after news of the company's takeover and possible credit rating downgrading.

Two deals were launched in the lira sector, despite turbulence resulting from recent political developments in Italy.

Deutsche Finance Netherlands opted for the two-year maturity with a L200bn deal offering an 11 per cent coupon. Lead manager Deutsche Bank London reported very strong demand, sparked by both the high coupon and the short maturity.

"No one wants to go long in these markets," said a syndicate official at Deutsche Bank London.

Deutsche Bank London also lead-managed another lira offering, this time at the 10-year maturity for KfW, Germany's state-owned development aid bank.

This deal is fungible with an L200bn issue brought earlier this year and was said by Deutsche to have met with a good response, mostly from German retail investors who benefit from a tax exemption.

● Gujarat Narmada Valley Fertilisers, one of India's largest fertiliser producers, yesterday raised $55m with an offering of global depositary receipts, lead-managed by Crosby Securities.

J. K. Corp, the Indian industrial conglomerate, also announced a $55m GDR programme, lead-managed by BZW.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
HIT Finance(a)‡	1.735bn	(a1)	100.00	Nov.2004	0.40	-	Paribas Asia
Intelsat	200	8.375	99.25R	Oct.2004	0.325R	+55(7¼%-04)	CS First Boston
Morgan Guaranty Trust Co.	200	7.00	99.99R	Nov.1996	0.125R	+19(6½%-96)	JP Morgan Securities
YEN							
Finnish Export Credit(b)	20bn	3.50	99.99R	Dec.1997	0.35R	-	Yamaichi Intl.(Europe)
ITALIAN LIRE							
Deutsche Finance Netherlands	200bn	11.00	101.075	Nov.1996	1.125	-	Deutsche Bank London
KfW International Finance(c)	100bn	8.375	91.599	Apr.1999	undisd.	-	Deutsche Bank London
GUILDERS							
Eurofima	250	7.875	99.65R	Nov.2004	0.325R	+20(7¼%-04)	ABN Amro Bank
LUXEMBOURG FRANCS							
Commerzbank Intl. Lux.(d)	2bn	8.625	102.625	Nov.2004	2.00	-	Kredietbank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Callable annually from Nov.96 at par. Exchangeable into transferable loan certificates. a1) 6-mth Libor +85bp. b) Long 1st coupon. c) Fungible with L200bn. Plus 180 days accrued. d) Issue launched on Wednesday was increased to LFr4bn.

France sells FFr3.3bn of retail-targeted OATs

By Andrew Jack in Paris

The new French government bonds specifically targeted at individual investors appeared to have proved highly successful yesterday, with the amount already sold totalling about FFr3.3bn, the Treasury said.

The state announced last month that it aimed to sell nearly FFr20bn over the next year in OATs – *obligations assimilables du trésor*.

Mr Edmond Alphandéry, the economics minister, stressed that the aim was to offer government bonds to a wider audience, in the same way that the public can subscribe to bonds in many other European countries.

In total, FFr19.42bn in bonds were allocated yesterday with a coupon of 7.5 per cent and due to mature in 2005. Banks are confident they can sell all of this amount to the public over the coming year, and their pressure triggered a decision by the government to double the amount offered.

The Treasury said the final details of subscriptions from the public would be known by October 25.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.1900	+0.590	10.10	10.20	9.68
Belgium		7.250	04/04	91.4600	+0.160	8.59	8.49	8.59
Canada *		6.500	06/04	83.6500	-0.200	9.08	8.98	8.94
Denmark		7.000	12/04	86.2700	+0.220	9.12	8.98	9.09
France	BTAN	8.000	05/98	101.0000	-	7.65	7.48	7.33
	OAT	5.500	04/04	82.0100	+0.040	8.30	8.11	7.96
Germany Treu		7.500	09/04	98.2400	+0.270	7.76	7.58	7.45
Italy		8.500	08/04	80.8900	+0.720	11.84†	11.38	12.02
Japan	No 119	4.800	06/99	103.0260	-0.080	4.04	3.85	3.96
		4.100	12/03	96.2690	+0.030	4.68	4.55	4.55
Netherlands		5.750	01/04	87.4400	+0.100	7.69	7.50	7.42
Spain		8.000	05/04	81.2600	+0.180	11.27	11.09	11.22
UK Gilts		6.000	08/99	89-20	-1/32	8.66	8.64	8.31
		6.750	11/04	86-07	-7/32	8.83	8.84	8.56
		9.000	10/08	101-20	-7/32	8.79	8.80	8.58
US Treasury *		7.250	08/04	96-18	-21/32	7.75	7.64	7.28
		7.500	11/24	94-29	-32/32	7.95	7.86	7.55
ECU (French Govt)		6.000	04/04	82.4800	+0.090	8.78	8.63	8.52

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.52	Two year	6.70
Prime rate	7¾	Two month	4.89	Three year	7.01
Broker loan rate	6½	Three month	5.10	Five year	7.42
Fed.funds	4¾	Six month	5.62	10-year	7.76
Fed.funds at intervention	-	One year	6.07	30-year	7.95

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	109.70	109.74	+0.08	109.92	109.58	123,317	140,435
Mar	108.98	109.00	+0.08	109.06	108.96	230	8,002
Jun	108.24	108.24	+0.06	108.24	108.24	2	354

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Mar
110	N/A	N/A	N/A	N/A	N/A	N/A
111	-	-	-	-	-	-
112	-	-	-	-	-	-
113	-	-	-	-	-	-
114	-	-	-	-	-	-

Est. vol. total, Calls 16,901 Puts 15,787. Previous day's open int., Calls 233,313 Puts 314,532.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	87.90	88.20	+0.30	88.33	87.90	122392	157150
Mar	87.36	87.47	+0.25	87.59	87.36	1118	2112

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
8800	0.85	1.24	1.06	1.41	0.65	1.04	1.59	1.94
8850	0.59	0.97	0.85	1.19	0.89	1.27	1.88	2.22
8900	0.39	0.75	0.67	0.99	1.19	1.55	2.20	2.52

Est. vol. total, Calls 19478 Puts 9571. Previous day's open int., Calls 239556 Puts 210639

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.68	97.85	+0.54	98.15	97.53	34585	63375
Mar	97 07	97.18	+0.50	97.20	97.07	285	1253

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
9750	2.06	2.92	1.73	3.26
9800	1.82	2.69	1.97	3.53
9850	1.57	2.47	2.22	3.81

Est. vol. total, Calls 1276 Puts 1523. Previous day's open int., Calls 17234 Puts 22771

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	86.12	86.16	+0.21	86.41	86.05	25,599	76,570

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99-06	99-20	+0-19	99-30	99-06	61284	98363
Mar	98-20	99-00	+0-19	99-02	98-20	13	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
99	2-07	2-50	1-31	2-50
100	1-36	2-21	1-60	3-21
101	1-07	1-59	2-31	3-59

Est. vol. total, Calls 5884 Puts 246. Previous day's open int., Calls 58015 Puts 39449

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	79.24	79.28	+0.04	79.38	79.22	332	8,387

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	97-25	97-28	+0-03	98-01	97-25	376,240	395,876
Mar	97-05	97-05	+0-02	97-11	97-04	975	26,029
Jun	-	96-15	-	-	-	89	10,896

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.28	-	-	107.36	107.28	1459	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price indices UK Gilts	Thu Oct 6	Day's change %	Wed Oct 5	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	119.55	+0.20	119.31	2.04	8.39
2 5-15 years (22)	137.45	+0.51	136.75	1.62	10.29
3 Over 15 years (8)	153.42	+0.48	152.68	2.28	9.81
4 Irredeemables (6)	175.51	+0.42	174.77	3.67	8.83
5 All stocks (60)	135.33	+0.40	134.80	1.91	9.62
Index-linked					
6 Up to 5 years (2)	184.83	+0.05	184.54	0.04	5.07
7 Over 5 years (11)	172.30	-0.04	172.37	0.87	3.95
8 All stocks (13)	172.71	-0.03	172.76	0.79	4.04
Debentures and Loans					
9 Debs & Loans (76)	125.60	+0.29	125.25	1.95	8.89

	Low coupon yield Oct 6	Oct 5	Yr. ago	Medium coupon yield Oct 6	Oct 5	Yr. ago	High coupon yield Oct 6	Oct 5	Yr. ago
5 yrs	8.70	8.78	6.25	8.82	8.86	6.50	8.93	9.03	6.69
15 yrs	8.69	8.75	7.04	8.82	8.90	7.17	9.06	9.12	7.40
20 yrs	8.64	8.68	7.15	8.82	8.90	7.23	8.93	8.98	7.41
Irred.†	8.70	8.74	7.28						

	Inflation 5% Oct 6	Oct 5	Yr. ago	Inflation 10% Oct 6	Oct 5	Yr. ago
Up to 5 yrs	4.10	4.11	2.52	3.00	3.00	1.73
Over 5 yrs	3.89	3.89	3.14	3.71	3.70	2.97

	5 year yield Oct 6	Oct 5	Yr. ago	15 year yield Oct 6	Oct 5	Yr. ago	25 year yield Oct 6	Oct 5	Yr. ago
Debs & Loans	9.84	9.90	7.80	9.78	9.82	8.09	9.72	9.75	8.22

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 6	Oct 5	Oct 4	Oct 3	Sep 30	Yr ago	High*	Low*
Govt. Secs. (UK)	90.63	90.16	90.22	90.04	90.64	102.44	107.04	89.54
Fixed Interest	107.02	106.98	106.93	107.17	107.34	124.11	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 5	Oct 4	Oct 3	Sep 30	Sep 29
Gilt Edged bargains	75.5	69.0	80.2	122.2	111.7
5-day average	91.7	104.2	111.3	116.5	114.2

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
[illegible]						

FT/ISMA INTERNATIONAL BOND SERVICE

Issued	Bid	Offer	Chg.	Yield
[illegible]				

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COMPANY NEWS: UK

Deal will treble Newcastle group's commercial property portfolio

Grainger pays £61m for Frincon

By Simon London, Property Correspondent

Grainger Trust, the Newcastle-based property company, will more than treble the size of its commercial property interests with the acquisition of privately owned investor and developer Frincon for £60.8m.

Grainger is paying for the acquisition through the issue of 4m shares and £50.7m loan notes to the family of Mr Robin Tomkins, who founded Frincon in the late 1970s.

The deal will give the Tomkins family 16 per cent of the enlarged company. Mr Tomkins will join Grainger's board as a non-executive director.

Frincon's assets comprise office, retail and industrial property, around half of which is in the Colchester area. However, under the terms of the deal Grainger has an option to sell part of the portfolio back to the vendors in September next year.

The properties covered by the option are either substantially unlet or let on leases that will shortly expire.

Mr Stephen Dickinson, managing director of Grainger, said the arrangement gave the company a year to find new tenants and renegotiate leases before deciding whether to sell in the open market or sell the properties back to the Tomkins family.

"They may well get a lot of these properties back," he said.

If this option is exercised, Grainger would be left with a portfolio of 32 freehold and five leasehold properties valued at £31.3m. Mr Dickinson said these properties were mostly fully let at rents close to current market levels.

A maximum of £29.9m of loan notes issued to the Tomkins family could be redeemed. After allowing for £11.6m cash acquired with Frincon, Grainger's net outlay for this portfolio would be only £19.3m.

Until now, it has specialised in buying residential property let under regulated tenancies. Such properties are usually bought at a discount to reflect the sitting rights of the tenants and sold when they become vacant.

Grainger is the second largest quoted residential landlord after Bradford Property Trust. Before yesterday's deal around two thirds of its assets were residential. This proportion will now fall to about half.

Grainger expects to have made a pre-tax profit of not less than £5.6m in the year to September 30, compared with £1.7m last time. The latest figures will include a £1.9m write-back on the value of current assets.

The company also expects to pay a final dividend of 4.55p, making a total for the year of 5.9p (5.25p).

Wetherspoon advances to £6.5m

By Roderick Oram, Consumer Industries Editor

JD Wetherspoon, the pubs operator floated two years ago, raised pre-tax profits in the year to July 31 by 55 per cent from £4.17m to £6.48m, thanks mainly to its brisk rate of pub openings and a revival in drinks sales.

Heavy price promotion in January and February helped turn round like-for-like drink sales from a first-half decline of 5 per cent to a second-half rise of 6 per cent.

One of Wetherspoon's regular promotions is to offer one brand of beer at 99p a pint, but the cost was cut further to 79p at one point in the winter. Having reasserted itself as price competitive, it gradually raised prices again.

Mr Tim Martin, chairman, said second-half drink sales had also benefited from two months of good summer weather.

Like-for-like catering sales rose 14 per cent in the year. Margins benefited from cost savings now that food was being delivered to the pubs by a third-party distributor.

Trevor Humphries

Tim Martin (left) and Mark Mcquater: second-half drink sales had benefited from two months of good summer weather

Wetherspoon's shares, which were floated at 160p, fell by 14p to 406p yesterday.

Analysts attributed the dip to profit-taking after a strong recent rise.

Forecasts are for pre-tax profits of about £9.5m this year, earnings per share of 24.4p and 7.9p for the dividend.

Turnover in the period under review rose 51 per cent to £46.6m (30.8m).

The recommended final dividend of 4.4p makes a payout of 6.6p (5.4p) for the full-year.

Earnings per share rose 29 per cent to 18.2p (14.1p), reflecting a one-for-four rights issue in March.

The rights issue and retained profits cut year-end debt to £16.1m (£21.8m) and gearing to 22 per cent (60 per cent).

Capital expenditure totalled £23.2m, financed by the rights issue and £11m of net cash from operations after £4.4m in interest, tax and dividends.

Wetherspoon opened 16 pubs within the M25 area and four outside in the year, at a typical cost of about £780,000 each.

It plans to open another 14 this year, split evenly between inside and outside the M25.

Mr Martin said the company was aiming for about 130 pubs within two years.

Its newer, larger pubs were typically selling about 1,500 barrels of beer a year and turning over £750,000, compared with an average of about £300,000 for a typical brewer's tied pub.

See Observer

Receivers to Carden Park seek investors

By Simon London, Property Correspondent

Receivers are looking for investors to inject fresh equity into Carden Park, the 1,200 acre hotel and leisure complex near Manchester owned by Mr John Broome.

The Bank of Scotland, sole lender on the project, has appointed Grant Thornton as receivers under the Law of Property Act.

"We are looking at all the options. Either we find a buyer or some form of refinancing has to be agreed," the receivers said.

"At the moment out priorities are reassuring our suppliers and confirming bookings which have already been made."

Battersea Leisure Group, the company set up by Mr Broome to build a leisure complex on the site of Battersea Power Station in London, was put into liquidation earlier this year. That site is now in the hands of Mr George Hwang and Mr Victor Hwang, Hong Kong property investors.

Unlike Battersea, though, Carden Park is Mr Broome's personal project and he effectively operates as sole trader.

"I am going into business with my bankers until such time as we can attract the new equity required," said Mr Broome yesterday.

More than £20m has been spent over five years developing the ambitious Carden Park complex, which includes an 83 suite hotel and golf course. The development is aiming to attract corporate clients. Other attractions include clay pigeon shooting and archery.

Planning consent has been granted for a number of woodland villas, a new golf club house and a larger swimming pool. Mr Broome estimated that another £5m would have to be spent to complete his dream.

While there are plans for further development, the complex opened for business 10 months ago.

Mr Broome said that hotel occupancy rates were currently running at about 60 per cent.

Sherwood blames slack demand for 23% fall

By Tim Burt

Shares in Sherwood Group fell by 12p to 99p yesterday after the clothing and lace manufacturer blamed weak UK demand for a 23 per cent decline in first half profits.

Increased competition and sluggish orders for the company's socks and lingerie helped push down pre-tax profits from £7.76m to £5.96m, despite increased turnover of £76.4m (£69.3m), including £2.25m from acquisitions.

Although earnings per share fell from 4.8p to 3.1p in the six months to July 1, the dividend is raised to 1.15p (1p).

Justifying the rise, Mr David Parker, chairman, said: "Sales have picked up and we're now more optimistic about the second half."

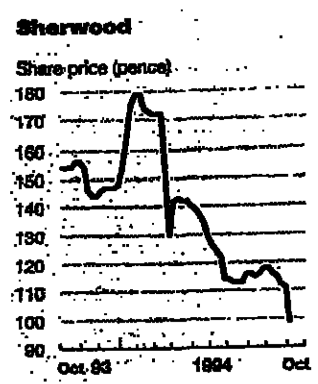
He also pointed out that the first half figures were depressed by reorganisation costs in the UK and among its subsidiary lace manufacturers in continental Europe.

The group has cut its European workforce by 18 per cent to 450 and plans to close a factory in Germany, at a cost of £550,000.

It has also spent £200,000 reorganising its domestic garments business, which will no longer produce children's clothing. The division's operating profits fell by 16 per cent, from £4.41m to £3.7m, following losses in children's outerwear and lower sales of socks and lingerie. Sales, however, rose 13 per cent to £34.4m (£30.5m) thanks to increased contributions from Lepel. The Italian lingerie manufacturer acquired last year.

Profits in the lace division fell from £4.64m to £3.42m despite modestly increased turnover of £42.7m (£39.9m).

Net borrowings, meanwhile, rose from £22.9m to £37.2m, equivalent to gearing of 57 per cent, following payment of a deferred consideration for Lapel and the acquisition of Intimate Touch, the US lace distributor, in February.



The group also spent £7.1m on new equipment and facilities, which Mr Parker predicted would enable it to exploit any increase in demand.

● COMMENT

Analysts were rightly dismayed by these results and made swingeing cuts in their full-year forecasts. On even the best expectations, profits are unlikely to exceed £16m, some 24 per cent below earlier forecasts of about £21m. The shares look cheap on a forward multiple of 12, but it would take a brave investor to back a clothing company relying on lace – a mature business – and garment sales which have fallen sharply. The problem for Sherwood is that it has relatively little exposure to Marks and Spencer, the most lucrative customer for clothing manufacturers. Its rivals tend to be more aggressive with their suppliers, and it shows in the number of cancelled orders. The shares should stabilise if sales pick up in the second half, but a return to last year's peak looks remote.

Schroders and News Corp avoid High Court battle

By Conner Middelmann

A High Court battle between News Corporation, the media group owned by Mr Rupert Murdoch, and J Henry Schroder Wagg, the merchant bank, has been averted after both sides agreed to drop the proceedings.

News Corp said in a statement it had been advised by the bank's solicitors that Schroders did not wish to defend the writ issued by News.

"Schroders have now agreed to abandon any claim it might have had against News on the basis that News will not pursue any claim for legal costs against Schroders," it stated.

A dispute arose over announcements made last December by three News Corp subsidiaries. The announcements, which related to conversion of those companies' preference shares into Royal Doulton shares, were subsequently stated to have been made in error.

Schroders incurred losses arising from the announcements.

It recently proposed that the dispute be brought before the City Disputes Panel for resolution. However, News Corp issued court proceedings seeking a comprehensive court ruling that it was not liable for Schroders' claim.

Schroders, however, said in a statement it was "not prepared to be involved in High Court proceedings, where the costs would have been substantial and could, in view of the amount at stake, have rendered any sum that it might have recovered nugatory".

The settlement with Schroders does not resolve the complaints raised by other investors who suffered losses in connection with the announcements.

However, News Corp said it believed its agreement with Schroders substantiated News' position. Accordingly, News does not plan to issue court proceedings against other claimants. Should other claimants issue proceedings against News, it vowed to "defend its position vigorously".

Kode says bid rumour is 'without foundation'

By Richard Wolffe

Kode International, the computer services and printed circuit board group, yesterday dismissed rumours that it was the target of a possible takeover bid.

Kode denied it was in discussions concerning a bid and said it was unaware of any foundation for the rumours.

"There was a rumour in a couple of newspapers earlier in the week about the possibility of predators lurking. These are completely without foundation," said Mr Geoff Harvey, finance director.

The announcement came after the company's shares rose 7p to 56p on Monday and a further 8p to 64p on Wednesday. However, they closed down 4p at 60p yesterday.

Kode lost half its market value in August when it reported interim pre-tax losses of £515,000 against profits of £710,000. Turnover was unchanged at £12.3m. The shares fell 37p to 38p as the company was cautious about its short-term prospects.

Its computer services division, DCM Services, was severely affected by the sudden fall in prices of third-party maintenance in the second half of 1993.

"We are happy with the progress on the circuit board side as a whole and are continuing to address the problems in computer services," Mr Harvey said.

Kode acquired DCM in July 1992 for £3.2m, funded by a rights issue of 3.66m new shares, and was reporting "fierce" competition by the end of 1993.

Acquisitions behind 40% advance at Ex-Lands

By Simon London, Property Correspondent

Ex-Lands, the property investment trading company run by brothers Robert and Graham Bourne, reported a 40 per cent increase in pre-tax profits from £914,000 to £1.27m for the year to June 30.

The company raised £36m during the year by issuing new shares and convertible loan stock, most of which was spent on industrial and office trading properties. As a result, net assets increased from £16.3m to £31.9m.

Net assets per share rose by 23 per cent to 28.7p, or 31.1p on a fully diluted basis allowing for conversion of the outstanding loan stock.

Turnover grew from £1.27m to £5.16m, reflecting acquisitions and the consolidation of Clubhaus, a German leisure company formerly held as a joint venture with Mr Mark McCormack's International Management Group.

Ex-Lands spent £41m on acquisitions during the year, about half of which was bought from banks which had been left holding property as a result of bad debts.

Mr Robert Bourne, joint chief executive, said that such deals allowed the company to acquire properties which could be improved by intensive management and some investment.

Most of the property is being held as trading assets for resale in the near term.

Discounting the convertible loan stock, which matures in 2020, gearing is 23 per cent. Earnings amounted to 0.98p (1.08p) and a dividend of 0.42p (0.35p) is recommended.

Watts Blake in £11m German buy

By Tim Burt

Watts Blake Bearne & Co yesterday confirmed its position as the world's largest producer of specialist clays with a big expansion in Germany, its main market.

The Devon-based company, which this week announced a 24 per cent increase in first half profits, is paying £11m for Martin & Pagenstecher Rohstoffbetriebe (MPR), the ball clay mining business owned by Thyssen, the German steel group. The consideration is £6.5m cash and £4.5m of new borrowing.

The move comes just two days after WBB unveiled an acquisition strategy aimed at strengthening its presence in continental Europe.

Mr David Bowden, finance director, said MPR's operations would be partially integrated into Fuchs-Ton, WBB's German subsidiary. "Immediate benefits will be obtained through administrative cost saving, and the acquisition is expected to be earnings neutral in the first year," he said.

For the September 30 1993 year-end MPR's operating profits were £700,000. The enlarged business is expected to contribute more than 45 per cent of group sales, which rose from £39.3m to £41.8m in the six months to June 30.

Barry Wehmiller hit by tough trading conditions

By Christopher Price

Annual pre-tax profits at Barry Wehmiller International declined by 28 per cent from £7.1m to £5.12m, as the packaging equipment manufacturer endured tough trading conditions, particularly in Europe.

However, Mr Stewart Brown, chief executive, said second half trading had improved over a weak first half and that the outlook for 1995 was "encouraging". Operating profits fell 24 per cent to £5.18m (£6.82m) in the year to July 31, but the rate of decline slowed to only 10 per cent in the second half.

Annual turnover slipped 4 per cent to £82.1m (£85.2m). The fall was most marked in the group's Asian markets, which slid 41 per cent to £4.41m (£7.53m).

Mr Brown said the decline was due to a slump in regional aerosol sales, which were now recovering. Aerosol turnover fell 30 per cent to £9.41m (£13.42m), a fire at a production plant disrupting output. Of its main regional markets, Europe was the chief casualty, turnover retreating 8 per cent to £16.8m (£18.19m).

Operating profits across the group's three divisions all showed a fall, with the optical business having the steepest decline, down from £1.26m to £73,000 over the year. Mr Brown said that margins had been squeezed by a drive for market share in the beer and soft drinks industry, particularly in the first half.

"Our order intake for the second half and in current trading has recovered significantly," said Mr Brown. "This, together with our substantial investment in our product and marketing in the past year makes us well positioned for steady growth."

He added that the group, which is relatively ungeared, was looking to make an acquisition in the coming year, with the pharmaceuticals packaging business a likely target area.

Earnings per share fell 32 per cent to 7.5p (11p). The final dividend was maintained at 4.3p for a same-again 6.7p total.

Taylor Woodrow in US deal

By Andrew Taylor, Construction Correspondent

Taylor Woodrow, the British construction group, in a joint venture with Kenco Communities, a US developer, has paid $20m (£12.6m) for 653 acres of prime development land in Florida.

The British company has previously announced its intention to expand its housing interests in the rapidly-growing Florida market.

The development is located in Palm Beach County in the Boca Raton area, where it has planning permission for up 1,500 homes. There are also plans for a 27-hole golf course, tennis centre and country club. Work is scheduled to begin early next year.

House prices on the development are expected to range from $200,000 to more than $1m.

Mr Colin Parsons, Taylor Woodrow chairman, said: "We have previously stated that our strategic policy is to redirect assets to achieve growth in chosen areas of opportunity. The market for new homes in Florida remains strong and we see much potential for future profit."

The group more than doubled pre-tax profits from £10.1m to £22m during the first six months of this year, led by a sharp rise in house sales.

Taywood Homes in the UK increased its contribution by 50 per cent to £3m. Housing profits from the US, Canada and Australia rose from £4m to £6m, after discounting a £3.2m write-down last year in southern California.

NEWS DIGEST

Helene rises 31% at midway

Helene, the fashion wear manufacturer, reported pre-tax profits up 31 per cent at £1.28m for the first half of 1994, against £975,000. The group said the main operating companies made good advances.

Operating profits of £2.14m (£1.51m) were helped by a £250,000 insurance claim. A further £500,000 is expected shortly. Turnover was £51.8m (£45.9m). Earnings per share were 0.62p (0.56p) and the interim dividend is unchanged at 0.65p.

Since the period end Reggie & Co has been acquired for up to £10m and £14.9m raised by a rights and share subscription.

Frederick Cooper

Frederick Cooper, the Worcester-based architectural hardware, coatings and electrical group, is selling its subsidiary Futters (London) for £3.75m.

Futters, which manufactures electrical components for the audio market, has been bought by Roxburgh Holdings.

Frederick Cooper said indications were that its results for the year ended July 31 had met directors' expectations. At the midway stage, the company reported what it called its "best interim trading performance" since 1989. Last year its pre-tax profits were £4.12m.

Plantation & Gen

Plantation & General Investments, formerly Chillington Corporation, increased pre-tax profits by 30 per cent from £808,000 to £971,000 in the six months to June 30 1994.

Turnover from continuing operations declined to £21.7m (£23.7m). Earlier this year the company decided to concentrate on developing its plantation and overseas trading interests and consequently reverted to its former name.

Mr Alan Tritton, chairman, said losses from discontinued activities had been completely eliminated, Presswork & Stampings had been sold and plans were advanced to dispose of the company's interest in Chillington Marine.

A substantial advance was expected in the second half. The interim dividend is raised to 1p (0.75p) on earnings per share of 1.36p (1.36p).

Radamec advances

Radamec Group, the electronics and precision mechanical engineering group, raised pre-tax profits by 26 per cent from £335,000 to £421,000 for the first half of 1994. Turnover dropped from £6m to £5.19m.

Mr Len Whittaker, chairman, said the group's defence and TV studio businesses were expected to trade strongly in the second half, and continued improvement at other subsidiaries was anticipated.

Earnings per share grew by 0.3p to 2.1p and the interim dividend has been raised to 0.7p (0.5p).

Beradin 18% lower

Two oil palm producers ultimately owned by Rowe Evans Investments yesterday reported reduced pre-tax profits for the first half of 1994.

● Beradin Holdings, the producer of oil palm fresh fruit bunches in West Malaysia, reported pre-tax profits down 18 per cent from £248,869 to £203,871. Turnover was £486,007, a rise of 8 per cent on last year's £450,624. Less favourable exchange rates resulted in a charge of £5,646, against a profit of £19,706 a year earlier.

Earnings per share were 0.78p (0.9p).

● Singapore Para Rubber Estates, which produces natural rubber as well as oil palm fresh fruit bunches in West Malaysia, announced a 32 per cent decline in pre-tax profits from £215,919 to £146,495.

Turnover slipped to £342,336 (£361,405). Earnings per share worked through at 0.78p (1.3p). Neither company pays interim dividends. During the second half both palm oil and rubber prices has continued to strengthen.

Hanson warrants

Hanson has received £243m cash as 20.86m warrants, representing 80 per cent of those issued in 1987 in connection with the acquisition of Kidde Inc, were exercised at $18 per ADR.

Some £83m was received from those exercising warrants before March 31 1994. As a consequence of all exercises Hanson has issued 20.86m ADRs, representing 104.3m ordinary shares.

Each ADR represents five Hanson ordinary shares.

Mezzanine Capital

Mezzanine Capital & Income Trust 2001 said yesterday that it had sold its investment in Polaris Pool Systems to senior management and two US investment firms for a total of $25.7m(£16.2m).

MCIT has received $20.4m for its equity interest, which its annual report valued at $9.4m, and $5.3m in repayment of subordinate debt.

The deal increases the net asset value of the trust's capital shares by about 35p and the income shares by about 4p. At March 31 nav per capital share was 295.3p and 123.3p for the income shares.

MCIT also announced yesterday that it had invested about $14.5m in securities of NRE Holdings, operator of 80 Burger King restaurants in four states.

Ellis & Everard

Ellis & Everard, the Bradford-based chemicals distributor, has achieved sales of £200m in the first five months of the current year. This compared with £176m at the same time last year and £183.5m in the year to April 30 1994.

Mr Jonathan Wood, chairman, told the annual meeting that sales made in the UK and Ireland rose 17 per cent to £87.8m and in the US a 12 per cent rise made £112.7m.

Large price increases were beginning to come through in the chemicals which Ellis distributes, although many were still below the levels of three years ago. There was particularly good progress in the US.

Morgan Grenfell

Morgan Grenfell Latin American Companies Trust which came to the market in February, had a net asset value of 111.2p per share at August 31. Fully diluted, the value was 109.3p.

For the period from February 21 to August 31 net available revenue amounted to £238,000 for earnings per share of 0.37p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Barry Wehmiller ......fin	4.3	Jan 4	4.3	6.7	6.7
Dolphin Pckging ......int	1.7	Nov 14	1.7	-	4.5
Etam ......int	1.95	Jan 4	1.75	-	7.5
Ex-Lands ......fin	0.42†	Nov 17	0.35	0.42	0.35
Galliford ......fin	0.5	Nov 25	0.5	1	1
Helene ......int	0.65†	Dec 31	0.65	-	2.01
Plantation & Gen......int	1	Jan 4	0.75	-	1.5
Radamec Group ......int	0.7	Dec 9	0.5	-	1.7
Sherwood ......int	1.15	Nov 22	1	-	2.9
Wetherspoon (JD)......fin	4.4†	Dec 16	3.6	6.6	5.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Wm Low directors share over £900,000

By Neil Buckley

The four main directors of Wm Low, the Scottish supermarket chain acquired by Tesco in a £300m takeover last month, shared pay-offs totalling more than £900,000.

Mr James Millar, chairman, who had been with the company for 34 years, received only £75,800, or the equivalent of 13 months' salary, the amount of time his contract had left to run.

However, he will have made more than £121,000 from his personal shareholding in Wm Low, and should have netted at least £281,000 from exercising share options.

Mr Philip Spicer, chief executive, was on an annual salary of £115,000, but a 36-month notice period in the event of a takeover. That took his total pay-off to £345,000.

He will have made £21,000 from his personal shareholding.

Both Mr Harvey Findlay, financial director, and Mr Sandy Leslie, buying and marketing director, were on salaries of £81,120 and 36 months' notice.

Their pay-offs would have been £243,360 each.

Mr Findlay would also have made £13,000 from his shareholding and at least £204,000 from share options.

Mr Leslie stands to have made another £23,000 from his shares and at least £165,000 from share options.

Wellcome drug shows promise

By Daniel Green

Wellcome's new shingles drug, which is likely to be launched in several markets over the next year, has had promising results in clinical trials.

A new analysis of trials on 1,100 patients shows Valtrex to be 30 per cent faster at reducing pain than Wellcome's Zovirax. It is three times quicker than a placebo.

The results were presented yesterday at the 34th Interscience Conference on Antimicrobial Agents and Chemotherapy in Orlando, Florida. Wellcome shares rose 18p to 670p.

Valtrex was submitted for approval to drug regulatory bodies in Europe and North America in June. Analysts forecast annual sales of up to $1bn (£600m).

COMPANY NEWS: UK

Etam doubles but gives warning of weaker trend

By David Blackwell

Shares in Etam, the fashion retailer, fell yesterday as the group almost doubled interim profits, but warned of a slightly weaker trend at the beginning of the second half.

The shares, which have performed strongly since hitting a low for the year of 217p in April, fell by 20½p to close at 282p.

Pre-tax profits for the six months to August 13 rose from £2.41m to £4.74m. The latest figure was struck after a £1.06m loss on the disposal of shops.

Sales for the group, which is heavily reliant on the second half for its profits, were ahead 5 per cent at £113.4m (£108.2m).

Mr Keith Miles, finance director, said the group was not reading too much into the slightly weaker trend since the end of the first half. "It's nothing dramatic."

But he pointed to the recent interest rate rise, tax increases, particularly on dometic heating, and the autumn budget as deterrents to consumers.

At the same time, the group had had a good first half, benefiting from six weeks of good weather which left it with very little in stocks to mark down. Gross margins improved from 4.8 to 7.7 per cent.

"We are obviously quite pleased with these results," he said. "It was always our strategy to rebuild the bottom line."

Interest receivable grew from £28,000 to £273,000, and the group ended the half with cash of £13.7m, compared with borrowings of £2.7m previously.

Capital expenditure rose from £2.3m to £4.8m as the group embarked on a big store refurbishment programme.

Mr Miles said spending for the year would be as high as £17m, with about £9m being spent on 55 branches before the end of November.

"We have come through the recession and established a platform from which to move forward. It's nice to be able to do that with your own cash," he said.

The group now operates 224 stores, of which 180 feature the Etam and Tammy brands, and 30 feature Etam, Tammy and Snob. Tammy sells children's wear, while Snob, which has been cut, targets younger women.

While the number of stores is slightly lower, the selling space increased from 843,000 sq ft to 857,000 sq ft.

Earnings per share rose from 2p to 4.28p. The interim dividend is increased from 1.75p to 1.95p.

● **COMMENT**

This was a sparkling set of interim results, well ahead of City expectations. But the cautious trading statement was enough to prompt investors to take their profits after seeing the stock outperform the stores sector by more than 20 per cent over the last three months. Etam is trying to edge up its margins at the same time as improving both its image and the quality of its goods. The strategy paid off in the first half, and the company sees further benefits as its refurbishment programme gathers pace. The dip in sales in the first seven weeks of the second half could be merely a rogue trading period. Forecasts have been upgraded to about £18m for this year and £21m for 1995-96, giving a prospective multiple of 13.5. This is a small discount to the sector and looks fair value.

Singapore company gives new twist to BS

By Roland Adburgham, Wales and West Correspondent

A Singapore company is understood to be interested in buying the Kerman family interests in BS Group, the property and leisure group formerly known as Bristol Scotts.

It is the latest twist in a long power struggle at the Bristol-based company which led to the removal of Mr Anthony Kerman as chairman in August.

Mr Kerman, who remains a director, and other family members, control a quarter of the share capital. The ownership of a further 11.5 per cent is the subject of a legal dispute.

BS, which incurred pre-tax losses of £246,073 in 1993, said yesterday it had been told by the Stock Exchange a "third party has made approaches to certain shareholders as a result of which there could be a change in ownership of the Kerman family's undisputed interest".

The company said the non-Kerman members of the board, and the company's advisers, Singer & Friedlander, were contacting the Kerman family "with a view to discussing this disposal in the best interests of all the shareholders".

No response had yet been made by the Kerman family.

Sir Ian Rankin, who replaced Mr Kerman as chairman, said he understood the approach had been made by a property-orientated company listed on the Singapore stock exchange. While he wished to see the Kermans' holding reduced and the share ownership expanded, he would not welcome the Singapore group taking too large a stake in case that deterred institutional investors.

Sir Ian, who through a Jersey trust has an 8 per cent holding, added: "If the Kermans were thinking of the rest of the shareholders, they would understand why we and the other directors wish for a wider shareholding."

Mr Anthony Kerman did not comment yesterday.

The shares closed at 188p, up 13p.

Paper industry passes the parcel

Deborah Hargreaves finds ample evidence of inflationary pressures

If Mr Kenneth Clarke, chancellor of the exchequer, wants proof of the pressures of inflation in the economy he need look no further than the paper and packaging industry, where prices have risen by at least 30 per cent this year.

Paper companies are looking to pass on massive increases in raw materials costs after a doubling of wood pulp prices to $700 a tonne in recent months. The price of waste paper, which is the raw material for many packaging grades, has trebled this year.

But companies in the sector, which are all predicting a surge in income from the turnaround in the economic cycle, talk of price recovery rather than price increases. "These prices are only coming back to the level they were at four to five years ago," says Mr Brendon Smurfit at Dublin-based paper and packaging company Jefferson Smurfit.

Pulp prices peaked at $840 a tonne at the top of the last cycle in 1990, which suggests that the latest round of rises may well continue as supplies become tighter. Non-integrated paper and packaging companies must pass on these costs to their own customers or face a squeeze on margins.

"The size of the cost increases have been such that, if the industry did not recover them from its customers, companies would go bust," says Mr David Lyon, chief executive of Bowater, the packaging and printing group.

Some companies have been more successful than others in forcing through increases but most see the market heading upwards. Arjo Wiggins Appleton, the Anglo-French paper company, reported a 45 per cent rise in costs at its interim results meeting, with more increases in the pipeline.

Mr Alain Soulas, chief executive, said the fine paper market had been slower to accept price increases, but the company was managing to push through rises of 5-10 per cent for most grades this month.

Mr Smurfit said the recovery of raw materials costs had been "slower than we'd like, but it is starting to happen in most major markets".

According to research by Barclays de Zoete Wedd, prices for packaging grades of paper – waste-based testliner used for making corrugated board – increased by 85 per cent this year in France to the equivalent of £279 a tonne, and by 95 per cent in Germany to £283 a tonne.

A similar grade made from virgin fibre – kraftliner – rose by 52 per cent to £339 a tonne in the UK.

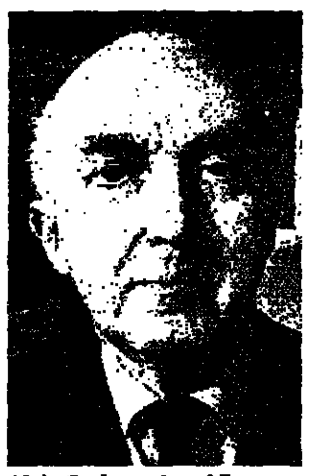
Increased demand for paper and packaging goods is an important indicator of economic recovery – companies need more packaging material to wrap their surging shipments. Mr Lyon reckons that, very crudely, for every 1 per cent rise in gross domestic product, demand for packaging materials increases by 1-1.25 per cent and for paper by around 2 per cent.

Mr Lyon says Bowater has seen demand rise by about 3-4 per cent this year. Mr Peter Williams, chief executive of David S. Smith Holdings, the UK paper, packaging and office supplies group which produces waste-based packaging material, says European demand has risen by 6-7 per cent.

In the current economic cycle, pulp prices have risen more rapidly than at other periods as growing environmental restrictions on forest products, and the threat of a strike in British Columbia – one of the world's biggest suppliers – combined to tighten world supply. In addition, changes in recycling rules in Germany have pushed up waste paper prices.

Demand for paper and packaging goods has finally caught up with increased capacity installed by companies at the height of the previous boom. In a fiercely competitive market where companies are producing a commodity product, many companies sought to hold on to market share during the recession by deeply discounting prices.

David Lyon: companies that do not pass on costs will go bust



Alain Soulas: price of fine paper has been slower to rise

Peter Williams: producers face environmental restrictions

Price discounts have now mostly been eliminated and the market for most paper grades is set to go higher. Mr Soulas said the European market for paper prices in June had only recovered to the same level as in June 1993 after dropping in some cases by 25 per cent in the second half of last year. But price increases in September and October had pushed the market generally 7 per cent higher than last year, he noted.

Price rises will soon extend to the newsprint sector, where newspapers begin annual supply contract negotiations in coming months. Mr Tim Rothwell, paper and packaging analyst at BZW, expects spot prices for newsprint to increase by 7-10 per cent this month with more rises coming through next year.

The turnround in the market for most paper and packaging companies has seen share prices recovering from the doldrums of recent years. The paper and packaging sector of the FT-SE-A All-Share index has risen by 14.5 per cent in the past year. Most observers believe there is considerable room for further advances.

"I don't think anyone can predict the cycle accurately, but I think companies will get a good run until 1998 and maybe even 2000," says Mr Rothwell. Most companies are upbeat on the outlook for the next couple of years. "We are looking towards the whole of 1996 as the peak of the cycle," says Mr Lyon.

One problem for the industry is that as soon as companies' fortunes start to improve, they are tempted to add capacity, which contributes to the next downturn. "The roller coaster ride over the past 20 years has been due to too many global players chasing volume," says Mr Rothwell.

Mr Smurfit hopes companies will be more cautious about re-investing: "We hope the industry has learned some of the lessons from the depth of the last recession. It wasn't a recession in volume terms, but oversupply led to deep discounting."

Mr Williams says the tougher environmental legislation that many companies face, particularly in North America, could discourage them from building new plant.

Environmental restrictions are also likely to limit the availability of forest products for paper-making, and waste paper supplies are becoming tighter. These factors could give the industry a better long-term outlook than it has enjoyed for many years.

Tomorrow Tim Burt reports on chemicals companies' efforts to pass on sharp increases in raw material prices.

Withdrawal from pipelines puts Galliford £5.9m in red

By Peter Pearse

Shares in Galliford fell by 7p to 27p as the Midlands-based contractor and housebuilder revealed pre-tax losses of £5.88m for the year to June 30, against profits of £412,000 last time.

Losses per share emerged at 5.04p (earnings of 0.33p) and the unchanged final dividend of 0.5p maintains the total as 1p. This is the third year running that the dividend has been paid from reserves.

The pre-tax losses can be blamed on the now discontinued pipeline rehabilitation business. The group said that losses on the withdrawal from this activity were in line with those anticipated in April, when it decided to discontinue the business.

Pipeline operating losses were £2.92m, on turnover of £10.8m. There was, in the words of Mr Richard Miles, chairman, a full provision of £3.08m against losses on contracts still being run out. In addition costs of £339,000 were carried for redundancies and closure costs.

Mr Miles stressed that, stripping out the discontinued operations, profits would have been £116,000, against losses of £516,000.

Group turnover edged ahead to £219.8m (£215.7m).

The construction division incurred losses of £2.41m (profits £408,000) on turnover of £129m (£126m).

The division is following industry trends in seeking better margins from low-speculation development joint ventures, partnership projects in the private sector and securing land for housing associations.

Housebuilding lifted profits to £2.03m (£1.58m) on increased turnover of £11.9m (£9.03m). Margins were maintained at 17 per cent and completions totalled 223, up 31 per cent. The average sale price was £53,400 (£53,135).

The landbank was increased with the acquisition of 385 plots. The cost was undisclosed, but the group said it would not buy at prices from which it could not make margins of 18 per cent.

Merchanting achieved profits of £447,000 (losses £717,000) as turnover rose to £50.3m (£44.9m).

Chime to sell cubicles offshoot for £1.2m

By Diane Summers, Marketing Correspondent

Chime Communications, the holding company for the public relations business headed by Sir Timothy Bell, is disposing of the last of its non-public relations businesses.

It is selling Venesta Cubicle Systems for £1.2m to Venesta Cubicles, a newly-formed company. The disposal is subject to shareholder approval.

In June Chime reversed into Chartwell, the cubicle and carpet tile manufacturer. In September it disposed of the carpet tile business to a Sirdar subsidiary for £1.4m.

Chime also announced in September the acquisition of Green Moon, a specialist consumer public relations company, for £1.1m in a mixture of cash and shares.

Dolphin Packaging edges ahead to £1.15m midway

Dolphin Packaging, which supplies its products mainly to the food industry, reported near-static turnover and profits for the half year to end-June.

On turnover marginally up from £12.6m to £12.7m pre-tax profits were ahead slightly from £1.13m to £1.15m. Earnings came out at 3.47p (3.42p) per share and the interim dividend is maintained at 1.7p.

Mr Moger Wooley, chairman, said that raw materials costs had been rising at 30 to 40 per cent a year. These increases were too great to be absorbed, he said, and would have to be passed on to customers.

Mr Wooley also announced he was to retire in the new year. The post of chairman would be filled by Mr Harry Evans, currently chief executive, who will be succeeded by Mr David Marsh.

Building from a local base

Andrew Baxter looks at BICC's strategy for winning work in Asia

TACKLING ASIA'S TIGERS

Few UK companies could have been more relieved by the recent lifting of Malaysia's controversial ban on public contracts than BICC, the cables and construction group.

As a result of the ban, BICC's Balfour Beatty construction arm and Trafalgar House, its consortium partner, failed to win the £30m project management contract at the new Kuala Lumpur airport. However, Mr Ian Thomas, Balfour Beatty's director for international business development, is confident the company can make up lost ground.

Even with the placing of the £1bn main terminal contract, there is as much work again still to be awarded, building everything from the runways to the control tower, he says. Then there is a planned airport rail link and other opportunities in Malaysia.

Fortunately for BICC, its other business, cables, was unaffected by the ban. The UK company has 40 per cent of Power Cables Malaysia, the rest of which is owned by Bumiputra interests. Mr Roy Allen, responsible for planning how BICC can develop its cables business in Asia, says: "It is a model for our expansion in the region."

And rapidly industrialising countries, such as Malaysia, remain crucial to BICC's Asian strategy. Sales in the Asia-Pacific region jumped from £127m in 1989 to £281m last year, if all of PCM's £40m sales are included.

Mr Thomas believes Balfour Beatty can raise its turnover in the region from the £100m to £110m achieved last year to £300m over the next three to five years. In cables, BICC could treble its sales in the region to £500m by the end of the decade, according to Sir Robin Biggam, chairman.

The two sides of BICC may be very different, but there is common ground in the need to have a good local presence in Asia.

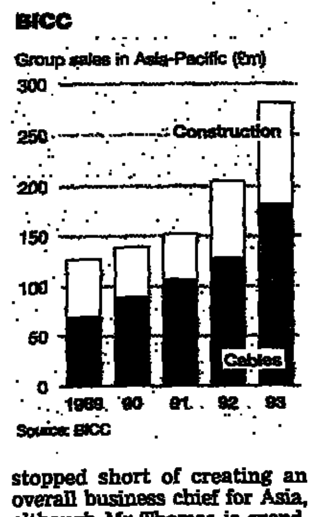
Up to the mid-1980s, says Mr Thomas, Balfour Beatty's Asia-Pacific business had benefited from the UK's aid-for-trade programme. However, the slowdown in aid, along with the recognition that individual markets in the region differed widely, increased the need for the company to "think local" if it was to benefit from the expansion of the region's infrastructure.

Some of the local contractors were just as good as Balfour Beatty, he says. But the UK company realised it had the extra skills needed to put together complex infrastructure projects along with local and foreign partners – and in particular the expertise to exploit the region's fast-growing market for private infrastructure projects.

So joint ventures, such as the successful 49 per cent owned Balfour Beatty Sakti Indonesia and the joint venture with the Thai Sahaviriya Group, were a necessity. "It's the only way to obtain business, and do it profitably," says Mr Thomas.

Over the past two to three years, the UK group has also beefed up its regional management. The aim is to have a senior manager for Balfour Beatty in each country, to whom the operating subsidiary managers report.

So far Balfour Beatty has stopped short of creating an overall business chief for Asia, although Mr Thomas is spending most of his time in that role.



Source: BICC

Such a move has recently been announced, however, in the sister cables business, which is forming a new company, BICC Asia-Pacific Cables, to manage the manufacture and marketing of power and communication cables in the region. The new company, owned jointly by BICC and Metal Manufactures, its 61 per cent owned Australian subsidiary, will be based in Singapore under Mr Nigel Taylor, its managing director.

Mr Allen, who has been based in London, acknowledges: "You can direct and give advice, but you can't 'think Asian' from London."

The venture will be chaired by Mr Glenn Dudley, managing director of MM, which is paying BICC between A$65m and A$75m (£30m to £35m) for taking part. MM, which also makes copper tubes and plastic pipes and has electrical wholesaling interests, has lifted its exports to neighbouring countries from A$20m to A$235m over the past five years.

The link-up will enable MM to benefit from its UK parent's longer involvement in the Asia region. By working together, the two companies will be able to "open up more fronts more quickly," says Mr Dudley.

BICC is already the biggest exporter of cables into the region, but the venture's key task will be to oversee the development of a much bigger manufacturing base.

Inevitably, PCM sees China as the biggest prospect for the cable business, either through new investment or co-operation with existing companies. BICC is involved in discussions with China's Shanghai Cable Works on a possible manufacturing joint venture.

In Vietnam MM is taking the lead. It is refurbishing a small telecommunications cable plant owned by Vietnam's main post and telephones company. Payment could form part of the equity in a joint venture which Mr Dudley hopes to negotiate over the next 12 months.

Both BICC and MM see Indonesia as a good opportunity, and a joint venture is a distinct possibility. In the Philippines, tentative talks have been held with a big local group.

Both men stress that choosing the right local partner is crucial and that they will not be rushed into making investments. "The market is great, but you've got to do it right to make money," says Mr Dudley – a view with which all the companies "tackling Asia's tigers" would concur.

This concludes the series. Previous articles appeared on August 9, 13, 17, 23 and 27.

This information appears as a matter of record only. October 1994

Lufthansa

Deutsche Lufthansa Aktiengesellschaft

International Offering of 5,000,000 Ordinary Bearer Shares

Global Coordinator

Dresdner Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

CS First Boston

Kleinwort Benson Securities

Morgan Stanley & Co. International

NatWest Securities Limited

S. G. Warburg Securities

UBS Limited

Bayerische Landesbank Girozentrale

Bayerische Vereinsbank Aktiengesellschaft

BHF-BANK

Commerzbank Aktiengesellschaft

DG BANK Deutsche Genossenschaftsbank

Westdeutsche Landesbank Girozentrale

ABN AMRO Bank N.V.

BNP Capital Markets Limited

Paribas Capital Markets

Barclays de Zoete Wedd Limited

Daiwa Europe Limited

Enskilda Corporate Skandinaviska Enskilda Banken

Goldman Sachs International

Lehman Brothers

Merrill Lynch International Limited

Nomura International

N M Rothschild and Smith New Court

Robert Fleming & Co Limited

Salomon Brothers International Limited

Swiss Bank Corporation

Regional Selling Syndicates

Germany

Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Bayerische Landesbank Girozentrale

Bayerische Vereinsbank Aktiengesellschaft

BHF-BANK

Commerzbank Aktiengesellschaft

DG BANK Deutsche Genossenschaftsbank

Westdeutsche Landesbank Girozentrale

UK and Ireland

Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Kleinwort Benson Securities

NatWest Securities Limited

Barclays de Zoete Wedd Limited

Robert Fleming & Co Limited

N M Rothschild and Smith New Court

UBS Limited

S. G. Warburg Securities

Rest of Europe

Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

UBS Limited

S. G. Warburg Securities

ABN AMRO Bank N.V.

BNP Capital Markets Limited

CS First Boston

Enskilda Corporate Skandinaviska Enskilda Banken

Morgan Stanley & Co. International

Paribas Capital Markets

Swiss Bank Corporation

Rest of the World

Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

CS First Boston

Morgan Stanley & Co. International

Daiwa Europe Limited

Goldman Sachs International

Kleinwort Benson Securities

Lehman Brothers

Merrill Lynch International Limited

NatWest Securities Limited

Nomura International

Salomon Brothers International Limited

COMMODITIES AND AGRICULTURE

Magma bid wins Peruvian copper prize

By Sally Bowen in Lima

Tintaya, Peru's second biggest copper producer and owner of the country's highest-grade copper deposits, was sold at a keenly-contested auction in Lima yesterday. After seven bids were received, Tintaya was knocked down to Magma Copper of Tucson, Arizona for \$218m plus \$55m in Peruvian secondary debt paper.

Magma's winning bid was just \$4m ahead of its nearest rival Metall Mining Corporation of Toronto. The third highest offer of \$191.6m came from Britain's RTZ. The minimum set by Peru's privatisers was \$60m cash, an investment commitment of \$85m plus a fixed \$55m in debt paper taken at face value.

Tintaya will be Magma's first operating unit outside the US. Company representatives at the sale called the mine – at 4,100m above sea level in the department of Cuzco, some 400 miles south-east of the capital Lima – "a wonderful opportunity". They said the company was "extremely confident about operating in Peru".

The sale of Tintaya marks another milestone in Peru's aggressive privatisation process. It is the first time debt paper has been used as part of the purchase price. Under new legislation, bidders may choose between offering a fixed amount of secondary debt or a cash equivalent. The same procedure will be followed with next month's sell-off of the Cajamarquilla zinc refinery.

Tintaya's new owner faces a major investment commitment, which may be well in excess of the minimum \$85m over five years specified in the conditions for bidding. Reserves in the main open-pit mine – where ore averages 2.04 per cent copper – are down below 12m tonnes and will run out in around three years. Development of as-yet untouched but highly promising surrounding deposits will be a matter of urgency.

Three of these – Chabuca Este, Chabuca Sur and Coroccohuayco – together have some 56.5m proven reserves averaging around 2.3 per cent copper, higher than Tinataya's main mine. In addition, Tintaya has some 10m tonnes of oxide ore already mined and stockpiled ready for leaching.

The Tintaya processing plant is one of Peru's most modern and most ecologically sound. Expanded, it could serve other privately-owned mines in the same area. Water supply is abundant and electricity seems not to be a problem.

Privatisation should bring happier times for Tintaya. It is often cited as a choice example of state mismanagement of a prime asset, having posted losses consistently since coming on stream in 1985, despite being well-designed and equipped.

Next on Peru's mining privatisation agenda is the zinc refinery of Cajamarquilla, located in the province of Lima and less than 40km from the port of Callao. The sale date has been set for November 4 and the privatisers are asking for \$40m in debt paper and a minimum of \$120m in cash (\$8m on signature of contract and the remainder in deferred quotas). There is also an immediate investment commitment of \$30m.

Cajamarquilla is one of just half a dozen zinc refineries in the Latin American continent. It was constructed by Sybetra of Belgium at a cost of \$309m and started operations in 1981. Installed capacity is 101,500 tonnes of refined zinc and under normal conditions the plant produces at between 90 and 95 per cent of that.

Last year's sales topped \$85m, with zinc ingots accounting for \$70m. Cajamarquilla also produces up to 180,000 tonnes of sulphuric acid – which brought in \$4.4m last year.

Fourteen companies have pre-qualified for the purchase, two of them Peruvian operations that buy zinc for industrial transformation. The front runner looks to be Canada's Cominco, which has associated with Marubeni of Japan.

There is considerable scope for increasing local zinc refining capacity. Peru is the world's fourth largest zinc producer behind Canada, the former Soviet Union and Australia. But only a third of the 600,000 tonnes of concentrates produced annually in Peru is refined inside the country.

Until recently, unreliable electricity supply made expansion possibilities remote. Not-infrequent droughts have always meant unavoidable cuts in production.

But under Peru's new liberal economic regime, privatisation of the energy sector is already under way. The new owner of Cajamarquilla will be free to contract electricity supply from either the recently-privatised Lima distribution system, or directly from a privately-owned and operated generating plant in the hinterland.

"This will mean a revolution for Cajamarquilla," said Mr Carlos Malaga, the refinery's general manager.

After rationalisation, which has halved the workforce from 1990's high of 1,100, Cajamarquilla looks a leaner and more efficient operation. In 1993 production costs were \$712 a tonne, with still-high energy costs. If zinc prices hold firm, next month should see another successful privatisation.

Tintaya, Peru's second biggest copper mine, will be Magma's first operating unit outside the US.

UK coal undercuts its competitors

By Gerard McCloskey

An invitation issued by National Power of the UK for price quotes for 600,000 tonnes of imported coal has produced the least expected result – most of the tonnage has been won by UK producers.

Except for six vessels ordered from South African producers, who appear to have priced their coal well below international levels, the bulk of the tonnage has been awarded either to British Coal or private UK miners.

The UK prices have surprised even the National Power buyers with bids as low as 85p a gigajoule, compared with over £1.47 in the British Coal contracts with the generators.

The success of the new UK coal industry in straight competition with importers has not been limited to the internal market, however. Two sales have been made to Finnish buyers, one by a private producer and the other by British Coal. The British Coal sale, of about 130,000 tonnes from Selby stocks, while priced at only 55.6p a gigajoule is likely to have been higher than BC's valuation of its 13m tonne stockpile. The private mine sale – from Coal Investments' Silverdale and Hem Heath collieries – is priced even lower and it is difficult to see how it could have brought the operators any meaningful return.

That the sales have been possible is as much an illustration of the imagination of the new coal industry as the dearth of coal on international markets and consequent strengthening of prices. The Finns, in particular, have been in the market, having been let down badly by both their Russian and Polish suppliers and are seeking immediate tonnage for delivery ahead of a rise in carbon taxes in the new year.

Elsewhere contracts been been signed for 1995 that see rise of \$6 a tonne on 1994 levels. Many expect that in some markets these rise will prove to be modest. In Denmark, traditionally the graveyard for optimism among coal salesman, rises from contracts struck this year at around \$20 a tonne from South Africa to around \$30, FOB Richards Bay, are expected.

The coal shortage, which affects coking coal as well as steam coal, albeit to a lesser extent, is unlikely to be cured in the short term. Strong demand – in particular from the US, for low sulphur South American coal, and from Asian power companies with new power plant coming into operation – is not being matched by new supply. In Asia, too, India is emerging as a significant and totally expected buyer.

Although it seems likely at the higher international price levels now emerging that the new British Coal successor companies will be able to dump their excess stocks into the European market or into National Power, it is difficult to see it as long-term business. A return of less than 60 pence a gigajoule at the mine may be welcome as a bit of additional cash flow, but in terms of continuing business it is simply not viable.

Russian oil exports uprated

By Robert Corzine

Recent Russian oil exports have continued to grow more strongly than previously forecast, according to the International Energy Agency in Paris.

In its monthly oil market report published yesterday the agency estimated that August exports from the former Soviet Union were 2.59m barrels a day, compared with an earlier forecast of 2.32m. September exports are thought to have declined slightly, to 2.2m b/d.

The IEA also lifted its forecast for fourth quarter Russian exports to 2m b/d, 100,000 more than its earlier estimate. Winter storms in the Baltic and the Black Sea often hamper tanker loading operations at that time. But it expected a slight rise in exports because of low domestic demand, the need for hard currency and the prospect that joint ventures between western and Russian oil companies would be more successful in getting export licenses.

The fourth quarter estimate for output from the UK and Norwegian sectors of the North Sea is also raised to a total of 6m b/d. The continuing surge in North Sea production is the main factor behind the IEA's forecast that fourth quarter output from countries outside the Organisation of Petroleum Exporting Countries will be 42m b/d, up 1.1m from the third quarter.

It put Opec output at 25m b/d, above its 24.52m b/d ceiling, due largely to a recovery in Nigeria following the end of the oil workers' strike.

MARKET REPORT

Copper's continued recovery buoys base metals

COPPER prices yesterday continued to claw back the losses recorded in last week's dramatic \$120 sell-off at the London Metal Exchange and this spread confidence throughout the market, traders said.

The three months delivery reached \$2,544 before easing when Southern Peru Copper Corporations's workers ended a strike. Last business was at \$2,536 a tonne, up \$13 from Wednesday.

Dealers noted that copper's fundamentals were the most promising of the base metals with a relatively low stocks/consumption ratio.

ALUMINIUM prices were given an early boost by European merchant demand, which came in when the three months price dipped to \$1,640 a tonne, and this soon saw the market nudging against Wednesday's resistance around \$1,650. But again the barrier held and the price drifted back to \$1,647, up \$7.

Compiled from Reuters

Guatemala says it will continue EU banana fight

By Deborah Hargreaves

Guatemala said yesterday it would step up pressure for the repeal of the European Union's banana import regime following the European Court's rejection of a challenge by Germany on Wednesday.

"This action by the court reinforces our resolve to pursue every available option under international law," said Mr Claudio Riedel Telge, ambassador in Brussels.

He said Guatemala was prepared to complain again to the World Trade Organisation under its strengthened rules on dispute settlement. Two dispute panels under the General Agreement on Tariffs and Trade have already upheld complaints about the EU's banana rules.

In March, the European Commission settled the disputes by agreeing to increase tariff-free import quotas for Latin American bananas to 2.1m tonnes. But Guatemala refused to accept the settlement, which has not been formally adopted by the EU council of ministers.

Germany has lodged an additional legal challenge with the European court disputing the commission's authority to negotiate the deal.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Cash	3 mths
Close	1628.5-9.5	1647-8
Previous	1625.5-6.5	1645-6
High/low	1631	1652/1640
AM Official	1631-1.5	1650-0.5
Kerb close		1647-8
Open int.	252,824	
Total daily turnover	53,070	

■ ALUMINIUM ALLOY (\$ per tonne)

Close	1660-70	1683-5
Previous	1650-5	1670-4
High/low		1683/1680
AM Official	1660-70	1680-5
Kerb close		1680-5
Open int.	3,020	
Total daily turnover	229	

■ LEAD (\$ per tonne)

Close	627.5-8.5	642-3
Previous	628.5-9.5	643-4
High/low	633	645/641
AM Official	632-3	644.5-5
Kerb close		644-5
Open int.	41,963	
Total daily turnover	9,543	

■ NICKEL (\$ per tonne)

Close	6580-90	6680-90
Previous	6455-65	6560-5
High/low	6586/6580	6720/6550
AM Official	6580-1	6685-90
Kerb close		6710-20
Open int.	69,385	
Total daily turnover	16,562	

■ TIN (\$ per tonne)

Close	5380-5	5460-5
Previous	5380-90	5465-70
High/low		5490/5460
AM Official	5390-400	5475-80
Kerb close		5485-90
Open int.	15,528	
Total daily turnover	4,487	

■ ZINC, special high grade (\$ per tonne)

Close	1052.5-3.5	1074-5
Previous	1040-1	1063-4
High/low	1051/1050	1076/1058
AM Official	1050.5-1.5	1071-2
Kerb close		1071-2
Open int.	99,297	
Total daily turnover	22,681	

■ COPPER, grade A (\$ per tonne)

Close	2540-1	2537-8
Previous	2526-30	2529-30
High/low	2543/2540	2544/2513
AM Official	2542-3	2538-9
Kerb close		2535-6
Open int.	223,794	
Total daily turnover	69,832	

■ LME AM Official £/\$ rate: 1.5851
LME Closing £/\$ rate: 1.5867

Spot:1.5881 3 mths:1.5868 6 mths:1.5829 9 mths:1.5780

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Oct	118.80	+0.50	118.65	118.40	2,259	214
Nov	116.95	+0.45	117.20	117.10	1,036	282
Dec	116.35	+0.45	117.20	116.05	39,459	7,723
Jan	115.65	+0.36	116.25	115.85	631	47
Feb	115.25	+0.45	-	-	438	12
Mar	114.75	+0.45	115.25	114.80	5,995	1,010
Total					55,875	9,740

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	\$ price	£ equiv.
Close	391.60-332.00	
Opening	391.75-392.15	
Morning fix	391.90	247.053
Afternoon fix	392.00	246.960
Day's High	392.10-392.50	
Day's Low	390.80-391.20	
Previous close	392.50-392.90	

Loco Ldn Mean Gold Lending Rates (Vs US\$)

1 month ....4.60 6 months 4.97
2 months ....4.67 12 months 5.27
3 months 4.81

Silver Fix	p/troy oz.	US cts equiv.
Spot	352.75	559.60
3 months	357.60	566.95
6 months	363.25	574.80
1 year	377.00	593.10

Gold Coins	\$ price	£ equiv.
Krugerrand	394-397	248-251
Maple Leaf	402.95-405.45	-
New Sovereign	92-95	58-61

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; \$/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Oct	392.2	-	391.8	390.5	180	45
Nov	393.5	-0.1	-	-	-	-
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. \$/barrel)

[illegible]

■ CRUDE OIL IPE (\$/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

[illegible]

■ GAS OIL IPE (\$/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; \$/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	105.05	-0.05	105.35	105.00	2,181	106
Jan	107.35	-0.25	107.40	107.40	1,937	20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; \$/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE (\$10/index point)

[illegible]

Wool

The wool market this week inclined easier again, but there was variation between categories. Fine Merinos opened steadily, then prices fell away, leaving the 19 micron indicator at 1463 cents, compared with 1541 a week ago and a recent peak of 1620. The overall Eastern states market indicator closed at 736, compared with 756 a week before and a recent peak of 835c/kg. New Zealand and South African sales showed a roughly similar pattern. The market setback is seen as providing a buying opportunity for those with longer term needs to cover, but little new business appears to have been attracted so far. Uncertainties related to the wider world economic situation play a part in buyers' caution.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	944	+1	953	938	25,881	2,731
Mar	980	+1	987	975	38,541	2,284
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; \$/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE (\$/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE (\$/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 6	Oct 5	month ago	year ago
2094.3	2086.9	2089.1	1574.6

■ CRB Futures (Base: 1967=100)

Oct 6	Oct 4	month ago	year ago
229.86	230.28	234.23	217.23

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	67.800	+0.100	67.875	67.250	15,240	6,242
Dec	68.725	+0.200	68.875	68.200	23,291	6,489
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)

[illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

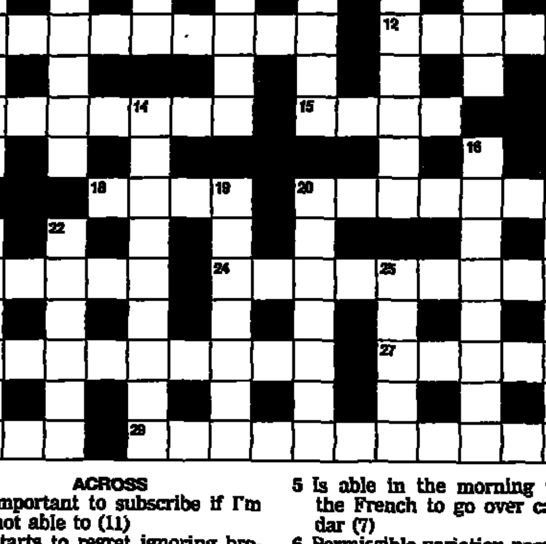
[illegible]

■ OTHER

[illegible]

CROSSWORD

No.8,578 Set by HIGHLANDER



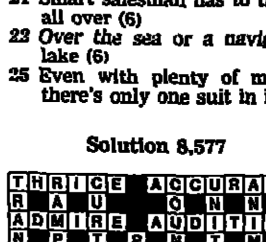
ACROSS

1 Important to subscribe if I'm not able to (11)
7 Starts to regret ignoring broken bone (3)
9 A quarter after twelve and not a single person (2-3)
10 Easy time playing the fool (9)
11 In bed poorly – no one to go over old French dance (9)
12 Small birds make tracks (5)
13 Possible source of mutton served on fine china with stuffing (7)
15 Variety of sugar beet, so to speak (4)
18 Strip of sand? You could put odds on it (4)
20 He dispenses with science, missing the line at the end (7)
23 Curve in road: head off with warning light (5)
24 Check strength and provide supplementary resources (9)
26 In favour of joining together to make a plentiful supply (9)
27 Revolutionary feature of powerful transformer (5)
28 Street without a bar (3)
29 Language increased by description of typical national beauty (7,4)

DOWN

1 Safe to go round in Europe with cushy job? (8)
2 Pleasure-seeking but well-behaved age (4-4)
3 Best one has wood underneath (5)
4 Bowling technique all the rage with southern side (7)
5 Is able in the morning with the French to go over calendar (7)
6 Permissible variation possibly not clear to English (9)
7 For sale note on rear section (6)
8 Boycott gets his off drive away (6)
14 Bring in a French hound (9)
16 Bitter drunk; look round for words set to music (8)
17 Sea egret wanders into shipboard accommodation (8)
19 Going off the bend (7)
20 Church start to inveigh against drink (7)
21 Smart salesman has to tramp all over (6)
22 Over the sea or a navigable lake (6)
25 Even with plenty of money there's only one suit in it (5)

Solution 8,577



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Bonds lead equities to successful recovery

By Terry Byland,
UK Stock Market Editor

More favourable news on economic progress, reflected in firmer bond prices, encouraged a rally in the UK stock market yesterday. A steadier opening to the new session on Wall Street confirmed London's improvement and the FT-SE 100-share Index climbed 28.1 to close at 2,984.4, taking it once again into what has been seen as a support zone.

However, traders hastened to point out that the real test of the market's confidence will come this afternoon when the US payroll and unemployment data will flash across the trading screens.

Equities took their lead early from an improvement in British government bonds, which had stood up better to the shocks that upset equities in the previous session. Stock index futures were also in a more positive mode.

The rally was extended on the news that UK manufacturing output had dipped by 0.3 per cent in August, a welcome indication to the equity market of reduced economic pressure for a further rise in UK base rates. The Footsie quickly extended its early gain to around 30 points, recapturing the 2,985 area whose loss added to the general woe in the previous session.

Interest then slackened off until Wall Street opened, and even then a dip of 2.69 in the Dow during London hours left the UK market with little to go for. The Footsie closed just below the day's best and stock index futures were still at a discount to the fair value premium, which allows for carrying costs and dividend flow on the shares in the contract.

Trading volume of 579.7m shares through the Seaq network remained moderate, compared with 517.1m on Wednesday, when retail business was worth a respectable £1.41bn.

Some trading houses claimed to have scented a more optimistic mood in New York ahead of today's publication of the September payroll figures. There was no wish to take large share positions, and traders remained very wary of the savage falls recorded in the market this week. However, suggestions that some marketmakers had been seriously hurt were believed to be exaggerated.

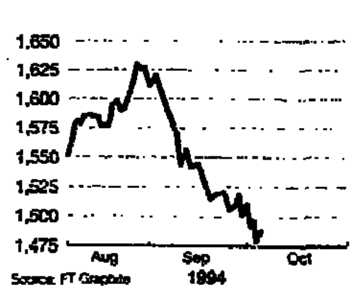
Market strategists have been favourably impressed by the relative steadiness in bonds this week and believe that this may be laying the foundations for a genuine recovery in the stock market. However, the renewed optimism towards base rate prospects which followed release yesterday of the August manufacturing output data would be unlikely to survive any negative news on employment numbers from the US today.

Most of the gains in share prices yesterday could be ascribed purely to technical recovery from the setback on Wednesday. Marketmaking firms were content to mark prices higher on fairly thin demand, but were not actively in search of stock.

Views on prospects for the London market towards the end of the year remained very mixed. Some chartists warned that if the Footsie proves unable to hold at its present levels, it could find itself unsupported – "right down to 2,200," according to one of the more pessimistic commentators. However, the market appeared significantly more calm at last night's close and traders hoped that if today's US data can be taken aboard safely, then a more genuine recovery in share prices may set in.

Flemings, the London-based securities house, believes that, provided that base rates remain unchanged until the new year and the November Budget reveals significant reductions in spending programmes, then the end of December could bring a rally in both equities and government bonds. But it expects consumer spending power to remain squeezed, with margin stagnation continuing to be a problem for many leading UK companies.

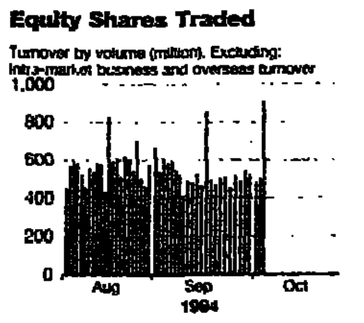
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	2984.4	+28.1	FT Ordinary index	2308.1	+21.2
FT-SE Mid 250	3445.5	+16.3	FT-SE-A Non Fins p/e	18.32	(18.17)
FT-SE-A 350	1500.2	+12.5	FT-SE 100 Fut Dec	2996.0	+22.0
FT-SE-A All-Share	1489.09	+11.27	10 yr Gilt yield	8.91	(8.99)
FT-SE-A All-Share yield	4.04	(4.07)	Long gilt/equity yld ratio:	2.21	(2.21)

Best performing sectors

1. Water ... +2.8
2. Insurance ... +1.8
3. Telecommunications ... +1.7
4. Tobacco ... +1.6
5. Utilities ... +1.5

Worst performing sectors

1. Building Matls & Merch ... -0.9
2. Oil Exploration & Prod ... -0.3
3. Other Financial ... -0.3
4. FT-SE SmallCap ex IT ... -0.2
5. FT-SE SmallCap ... -0.2

BT firm ahead of figures

A shift to perceived high quality defensive stocks continued yesterday, with BT once again high on the buying list of institutions seeking good yields and strong potential dividend growth against the market.

BT shares settled 9 firmer at 372½p on relatively high turnover of 13m as more telecoms analysts appreciated the company's fundamental strengths, and following a series of meetings with the telecoms giant. Much of the buying interest was said to have emanated from the US.

The company is scheduled to announce second-quarter figures on November 10, with analysts looking for pre-tax profits in excess of £700m, a dividend increase of 6 per cent-plus and good news on inland call volumes.

Scottish rumours

Among brewers, Scottish & Newcastle hardened 3 to 482p amid speculation that the group was in talks to buy the freehold of 320 public houses that it acquired last year through its purchase of the Chef & Brewer chain from Grand Metropolitan. The leasehold is currently held by IEL, a joint venture between Foster's and GrandMet.

Spirits and wines group Grand Metropolitan rose 5 to 403p as several brokers issued buy recommendations. The list included Goldman Sachs and Kleinwort Benson, which said: "The power of the group's cash generation and the improving quality of profits will increasingly be appreciated as reassurance builds steadily."

Eurotunnel stood out among improving transport shares, shedding 5 to 253p as stories about a large overhang of stock forced sentiment to take a negative turn.

Bombardier, the Canadian group which has supplied Eurotunnel with rolling stock and taken shares as payment, is said to be a potential seller of 29m shares.

With Eurotunnel moving rapidly towards full operational running, sending more than 100 trains daily under the Channel, the Canadian company has the option to cash in its stake.

The shares, some 3 per cent of the company's equity, are worth around £73m.

Confirmation that BSkyB, the satellite television group, hopes to be floated on the Stock Exchange before the end of the year gave a lift to leading shareholders.

Much of the news was already in share prices following an authoritative report in one Sunday newspaper. However, increased expectation that BSkyB will raise around £5bn by floating some 20 per cent of its equity helped Pearson, which holds 17.5 per cent, move ahead 8 to 590p, and Granada, with 13.5 per cent, close firm at 490½p. News Corp, the 50 per cent stakeholder, held steady at 229p.

BSkyB has appointed Goldman Sachs and Lazard Brothers as joint advisers and co-sponsors of the potential offering.

Appreciation of the Reed Elsevier purchase of Mead Corp's legal information arm saw Reed shares advance 24 to 764p. Among brokers who disseminated their views on the £950m deal, S.G. Warburg argued that it would enhance earnings for the Anglo/Dutch group by 4 per cent in 1995.

BAT Industries rose 7 to 424p, with agency broker James Capel said to have reiterated its positive stance.

Pharmaceuticals group Wellcome gained 18 at 670p as it announced that Valtrex, a new anti-viral drug being developed for the treatment of herpes, had shown "remarkable efficacy" when used to treat shingles. The shares were also helped by US buying, as was Zeneca, up 10 at 809p.

Chemicals group Laporte put on 5 at 694p as dealers said S.G. Warburg had shifted its stance from "sell" to "buy". The house chemicals analyst was unavailable for comment.

A better than expected 6.5 per cent improvement in new UK car registrations in September – taking the nine-month rise to 9.4 per cent – helped to push the motor sector higher.

The news followed on from a September registration gain of 27 per cent in Spain and nearly 10 per cent in France. Among component suppliers, GKN rose 3 to 598p.

Rolls-Royce saw 5.8m shares traded and ended 4 higher at 175p. Motor distributors were also firm, notably Lex Service, which put on 7 at 353p. Inchcape added 6 at 416p.

A 3.1m block of shares in FR Group – 4 per cent of its equity – was placed at 271p, a substantial discount to the underlying market. On 6.8m volume, the busiest day ever for FR, the shares dipped 3 to 278p.

GEC gained 5 at 288p as Hoare Govett improved its recommendation and emphasised the company's defensive qualities in the event of a US rate rise.

Electricity groups Southern and Yorkshire were casualties in an otherwise steady sector, with dealers disappointed that the companies have not yet moved to buy in their own shares ahead of their closed periods. Yorkshire's closed period begins today, while Southern's starts on Thursday. The latter lost 11 at 715p and the former 11½ at 694p.

US buying lifted BP 4 to 406½p on heavy turnover of 10m shares.

Retailing group Etam tumbled 21 to 282p after the company said sales in the first few weeks of the second half of the year were below expectations.

High street retailer Marks and Spencer appreciated 9 to 402p in active trading of 5m after James Capel was said to have upgraded profits expectations and reiterated its buy stance on the shares. Kleinwort Benson was also said to favour the stock. A positive recommendation from Cazenove was said to have boosted Burton Group, which finished the session 2½ ahead at 62p.

The market continued to look favourably on Storehouse following Wednesday's positive trading statement. The shares appreciated 7 to 205p.

There was plenty of action in the banks sector, where National Westminster responded to aggressive US buying interest, ending 6 higher at 478p and shrugging off talk of a profits downgrade by James Capel, the influential agency broking house.

Capel also lowered its forecasts for HSBC and Barclays, dealers said. The latter made a poor showing, sharply underperforming the FT-SE 100 Index and finishing a penny off at 550p. HSBC managed a 7 gain at 676p.

The two Scottish banks also suffered, Bank of Scotland easing 3 to 193p, still reflecting disappointment with its interim dividend and following comment on the results.

United Friendly "B" stood out in life assurances, racing up 20 to 480p.

MARKET REPORTERS:
Steve Thompson,
Peter John, Joel Kibazo,
Jeffrey Brown.

■ Other statistics, Page 23

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (10).
BREWERIES (1) Gibbs Mew, EXTRACTIVE INDS (1) Coal Invs., MEDIA (2) Bloomsbury Pblsg., Elsevier, PROPERTY (1) South County Homes, RETAILERS, GENERAL (2) Austin Reed, Oliver Group, SPIRITS, WINES & CIDERS (1) Macallan-Glenlivet, TRANSPORT (2) CRT Bus, P & O Stkpc. Pfd.

NEW LOWS (151).
GILTS (1) BANKS (3) BREWERIES (3) Ascot, Fuller STA, Paramount, BUILDING & CNSTRN (8) Barra, Boot (Henry), Bryant, Galliford, Persimmon, Tilbury Douglas, Westbury, Wilson Bowden, BLDG MATLS & MCHTS (7) Heywood Williams, Do Cnv. Prf., Meyer Int'l., Polypipe, Rugby, SWP, Tarmac, CHEMICALS (1) Manders, DISTRIBUTORS (8) Cowie, Glenchewton, Hamlet, Lookers 8pc Cv Pf., Persona, Wills, DIVERSIFIED INDLS (4) Hanson Wrnts., Pacific Dunlop, Suter, Do Wrnts., ELECTRNC & ELECT EQUP (5) ENGINEERING (8) Billam (J.), Hall Eng., Neotronics Technology, Radiant Metal, SKF, Victaulic, ENG. VEHICLES (1) Benson, EXTRACTIVE INDS (4) Anglo Pacific Res., Delta Gold, Minorco, Portman, HOUSEHOLD GOODS (3) Cornwall Parker A, Fine Decor, Vymura, INSURANCE (4) Allianz, American Gen., American Int'l., Marsh & McLennan, INVESTMENT TRUSTS (22) INVESTMENT COMPANIES (5) LIFE ASSURANCE (1) Lincoln National, MEDIA (4) News Corp., Phonelink, Portsmouth & Sunderland, VTR, MERCHANT BANKS (1) Winstrust, OIL EXPLORATION & PROD (3) Europe Energy, Global Natural Res., Pict, OTHER FINANCIAL (4) Aberdeen Trust, Christie, King & Shaxson, Union, OTHER SERVS & BUSNS (1) Porth, PHARMACEUTICALS (1) Grampian, PRTNG, PAPER & PACKG (3) Bemrose, Ferguson Int'l., Flyau, PROPERTY (16) RETAILERS, GENERAL (8) Asprey, Boots, Essex Furn., Fine Art Devlpts., Liberty, MFI, Menzies (J.), Pentos, WEW, SUPPORT SERVS (5) ACT, Gresham Telecomputing, Microgen, Pegasus, Spargo Consld., TELECOMMUNICATIONS (2) TEXTILES & APPAREL (2) Lambert Howarth, Sherwood, TRANSPORT (3) CSX, Dawsongroup, GATX, AMERICANS (13) CANADIANS (1).

EQUITY FUTURES AND OPTIONS TRADING

Following the improved tone on Wall Street, stock index futures moved steadily upwards to recover around half of the previous session's savage losses, *writes Jeffrey Brown*.

The FT-SE 100 December contract was 22 points higher at 2,996 at the official 4.10pm close, and in later trading it clawed its way back to the 3,000 level.

At the official close the premium to the cash market was 11.6 points, with the fair value premium standing at 17.5 points.

Traders described the upturn as a technical bounce but said trading contained a number of more positive points, notably a return of a limited amount of institutional business.

One trader said there was "good quality" buying at times during the session. Institutions have been absent from the stock index futures market for nearly two months.

Trading volume was relatively low, however, with 12,154 contracts, compared to 17,815 on Wednesday. The December contract continues to track Wall Street.

Reduced turnover was also a feature of traded options, with 39,117 lots dealt, against 46,199 a day earlier. FT-SE and Euro FT-SE volume accounted for 25,179 lots.

Glaxo was the the most heavily traded individual stock option with 4,227 contracts. BP and British Airways were also active options.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	2969.0	2996.0	+22.0	3007.0	2980.0	13092	54390
Mar	-	3020.0	+22.0	-	-	0	2176

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3450.0	+20.0	-	-	0	4018

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3450.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*2985) £10 per full index point

	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55½	21	88	10	127	4	172
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	81	50	109	32	141½	18½	180½
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	102½	75	130½	53½	160½	38	195½
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	115	98½	141½	75	170½	57½	204
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	152					140½	207		

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	68	13½	104½	6	146½	2	192½
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	93½	42	123	26½	157½	16	195½
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	113	62	140	45	172½	30½	207
Mar†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	139½							90½	192½		
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	160½							138	209		

Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			

Calls 0 Puts 0. Settlement prices and volumes are taken at 4.30pm.

FT-SE Actuaries Share Indices — The UK Series

	Oct 6	Day's chge%	Oct 5	Oct 4	Oct 3	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	2984.4	+0.9	2956.3	3001.8	2963.5	3092.4	4.24	7.29	16.21	105.74	1130.50
FT-SE Mid 250	3445.5	+0.5	3429.2	3455.3	3449.6	3470.5	3.63	5.96	20.19	103.70	1284.59
FT-SE Mid 250 ex Inv Trusts	3440.1	+0.5	3423.0	3446.1	3441.9	3479.4	3.79	6.46	18.78	107.68	1279.82
FT-SE-A 350	1500.2	+0.8	1487.7	1507.9	1500.2	1544.7	4.10	6.98	16.98	51.33	1162.20
FT-SE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A ALL-SHARE	1489.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries All-Share

Sector	Oct 6	Day's chge%	Oct 5	Oct 4	Oct 3	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	[illegible]										
20 GEN MANUFACTURERS	[illegible]										
30 CONSUMER GOODS	[illegible]										
40 SERVICES	[illegible]										
60 UTILITIES	[illegible]										
69 NON-FINANCIALS	[illegible]										
70 FINANCIALS	[illegible]										
80 INVESTMENT TRUSTS	[illegible]										
89 FT-SE-A ALL-SHARE	1489.09	[illegible]									

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]										
FT-SE Mid 250	[illegible]										
FT-SE-A 350	[illegible]										

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]											
Pharmaceuticals	[illegible]											
Water	[illegible]											
Banks	[illegible]											

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	1,200	314½	-3
ASDA Group†	15,000	62½	-¼
Abbey National†	932	385	+2
Albert Fisher	88	45	
Allied Domecq†	1,100	562	+6
Anglian Water	908	524	+8
Argos	590	308	
Argyll Group†	3,900	265	-2½
[illegible]	[illegible]	[illegible]	[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Domecq	540	29	-	-	4	-	-
(*562)	589	4	-	-	31	-	-
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	15	18½	22	3½	8½	12
(*228)	240	4½	8½	13	15	20	23
[illegible]							

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	53	11	6
Other Fixed Interest	3	0	12
Mineral Extraction	26	65	104
General Manufacturers	108	144	388
Consumer Goods	45	39	103
Services	91	95	311
Utilities	25	11	9
Financials	69	116	181
Investment Trusts	70	98	297
Others	22	52	30
Totals	512	632	1441

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	September 26	Expiry	December 29
Last Dealings	October 7	Settlement	January 13

Calls: Alliance Res., Arcon Intl., Blenheim Cnv., Royal Bk. Scotland, Tullow Oil, Vivat.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§125	F.P.	17.7	130	116	Compel	116		WN4.0	2.1	4.3	11.2
-	F.P.	1.30	1½	1	Cont'l Foods Wrts	1¼		-	-	-	-
-	F.P.	25.2	66	61	Emerging Mkts C	63	-2	-	-	-	-
[illegible]											

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
[illegible]							

FINANCIAL TIMES EQUITY INDICES

	Oct 6	Oct 5	Oct 4	Oct 3	Sep 30	Yr ago	High	Low
Ordinary Share	2308.1	[illegible]						
Ord. div. yield	[illegible]							
Earn. yld. % full	[illegible]							
P/E ratio net	[illegible]							
P/E ratio nil	[illegible]							

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
[illegible]										

	Oct 6	Oct 5	Oct 4	Oct 3	Sep 30	Yr ago
SEAQ bargains	[illegible]					
Equity turnover (£m)†	[illegible]					
Equity bargains†	[illegible]					
Shares traded (mil)†	[illegible]					

† Excluding intra-market business and overseas turnover.

FT GOLD MINES INDEX

	Oct 6	% chg on day	Oct 5	Year ago	Gross div yield %	p/e ratio	52 week High	52 week Low
Gold Mines Index (34)	[illegible]							
Africa (16)	[illegible]							
Australasia (7)	[illegible]							
North America (11)	[illegible]							

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LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£19$\frac{13}{16}$	$-\frac{1}{2}$	£25$\frac{1}{8}$	£19$\frac{13}{16}$	5,914	5.6	ф
ANZ A$		160	—	278$\frac{1}{4}$	179$\frac{1}{4}$	2,386	5.2	27.8
Abbey National	†N□	385xd	+2	523	380$\frac{1}{2}$	5,051	5.0	12.9
Allied Irish I£	♣†N□	227xd	-1	314	233	1,586	6.3	9.1
Anglo Irish I£	M□	55	—	*70	50	169.3	7.8	10.0
Asahi Y	□	713$\frac{1}{4}$	$-8\frac{1}{4}$	819$\frac{1}{4}$	628	16,585	0.6	ф
Banco Bil Viz Pta	□	£15$\frac{3}{8}$	—	£18$\frac{7}{16}$	£14$\frac{1}{4}$	3,627	5.4	6.9
Banco Sant Pta		£28$\frac{1}{8}$	—	*£30$\frac{1}{2}$	£23$\frac{3}{4}$	4,279	5.1	9.9
Bk Ireland I£	♣□	263	—	*319	246	1,243	5.0	7.5
Bank Scotland	♣†N□	193	-3	247	172$\frac{1}{2}$	2,262	3.5	15.6
9¼pc Pf		111$\frac{1}{2}$	$+\frac{1}{4}$	141$\frac{1}{2}$	111	111.5	10.4	-
8¾pc Pf		116$\frac{1}{4}$	$+\frac{1}{4}$	149$\frac{1}{2}$	116	116.8	10.4	-
Barclays	♣†N□	550xd	-1	640	497	8,954	3.8	10.6
Dai Ichi Kan Y	□	£11$\frac{1}{2}$	$-\frac{1}{2}$	£12$\frac{3}{4}$	£10$\frac{3}{8}$	35,698	0.5	-
Deutsche DM	□	£271$\frac{3}{8}$	$+\frac{3}{8}$	£344$\frac{1}{4}$	£270$\frac{3}{4}$	12,613	2.5	-
Espirito Santo	□	£8$\frac{1}{2}$	—	*£13$\frac{1}{4}$	£8$\frac{1}{2}$	185.2	4.4	4.4
First Nat Fin	N□	66$\frac{1}{2}$	—	*90	60	116.6	2.7	-
6.3pc Cv Pf		73	-1	*80	73	4.91	10.8	-
7pc Cv Pf		131	—	171	123	82.2	6.7	-
Fuji Bank Y	□	1388$\frac{1}{4}$	+5	1649$\frac{1}{4}$	1152$\frac{1}{2}$	40,234	0.4	ф
HSBC HK	†N□	697xd	+5$\frac{1}{2}$	1133	680	12,197	4.4	10.1
HSBC (75p Shs)	†N□	676xd	+7	1113	660	5,762	4.5	9.8
Lloyds	†N□	542xd	+1	660	519	7,016	5.3	10.7
Mitsubishi Y	□	£16$\frac{5}{8}$	$+\frac{1}{8}$	£18$\frac{3}{4}$	£15$\frac{1}{2}$	45,813	0.3	ф
Mits Tst & Bk Y	□	940$\frac{1}{4}$	$+\frac{1}{4}$	1162$\frac{1}{4}$	887$\frac{1}{2}$	11,271	0.5	18.0
Mitsui Tst & Bk Y	□	713$\frac{1}{4}$	$-18\frac{1}{4}$	879	614	8,547	0.8	24.2
Nat Aust A$	†	477	—	620$\frac{1}{4}$	477	6,386	5.8	10.2
NatWest	†N□	478xd	+6	622	421	7,998	5.1	8.9

CHEMICALS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

TVX Gold ♥	467p	+11½	490½p	338¾p	739.3	–	
Toronto-Dom	9⅝xd	+1/16	11⅛	9⅛	2,830	4.0	
Trans Can Pipe ♥	8¾	----	10⅞	7⅝	1,489	4.8	

SOUTH AFRICANS

Notes	Price	+ or –	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	£29½	----	£30	£13½	1,906	2.5	21.4
Barlow Z	84⅓	----	95⅓	£3⅓	888.4	0.7	–
Gold Flds Prop R	110xa	----	128	75	12.1	7.8	ф
MK Props. z	90	----	95	85	3.82	13.1	ф
SASOL ♥	496	----	500	280	2,820	2.8	–
SA Brews	£11⅞	----	£15⅞	£10	3,289	2.3	19.4
Tiger Oats †	813	----	838	538	921.8	2.6	12.9
Tongaat-Hulett h	602	----	*616½	350¼	548.7	2.1	16.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ∦ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Expt Aug 31	748.1	771.5	—	0.88
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071-214 1050 (general enquiries) 071-214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	54.53	56.49	-0.89	5.4
Income Plus	47.35	49.40xd	+0.02	7.1
CAF – Charity Money Management				
48 Pembury Rd, Tonbridge TN9 2JD 0732 770114				
Balanced Growth	70.54	72.42	—	4.28
Income	58.07	58.59	—	8.93
CIM Unit Trust Managers Ltd				
Co-op Bank Ethical Ex Sep 30	918.905	955.947	—	3.52
Cent. Bd. of Fin. of Church of England‡				
2 Fore Street, London EC2Y 5AD 071-588 1815				
Inv Fund Sep 30	843.30	850.00	—	4.66
Fxd Int Sec Sep 30	145.75	145.85	—	9.04
Deposit Fund: See Money Market Trust Funds.				
Chariguard UK Equity Fd/Fixed Int Fd				
76 Fenchurch St, London EC3M 3LB Freephone 0800 716853				
UK Equity Acc Sep 30	09.74	9.81	—	3.30
UK Equity Inc Sep 30	09.74	9.81xd	—	3.30
Fixed Int Acc Sep 30	09.84	9.87	—	8.06
Fixed Int Inc Sep 30	09.84	9.87xd	—	8.06
Charinco/Charishare‡ (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	180.8	182.5	+0.60	7.88
Charinco Acc	1102	1115	+4.00	7.88
Charishare Inc	202.8	209.8	-0.60	3.97
Charishare Acc	278.8	284.5	-0.80	3.97
COIF–Charities Official Inv Fd‡				
2 Fore Street, London EC2Y 5AD 071-588 1815				
Income Sep 30	633.85	641.28	—	4.76
Accum Sep 30	2658.92	2685.28	—	
Fixed Int Income Sep 30	118.40	118.87	—	9.78
Fixed Int Accum Sep 30	178.40	178.55	—	
Deposit Account: See Money Market Trust Funds				
Charity Fixed Int Fd/Charity Equity Fd				
33 Gutter Lane EC2V 8AS 071-382 3808 (Gen Enquiries) 071-382 3804 (Dealing)				
Charity Equity Inc	127.95	130.91xd	+0.34	3.87
Charity Equity Acc	140.33	143.58	+0.37	3.87
Charity Fixed Int Inc	98.45	98.57xd	+0.45	8.59
Charity Fixed Int Acc	115.87	117.27	+0.53	8.59
Edinburgh Fund Mngrs PLC				

	Bid Price	Offer Price	+ or -	Yield Gross
AEGON Life Assurance Co (UK) Ltd				
AEGON Hse, Lanark Sq, London E14 9QS 071-538 8800				
Life Series 2				
Aggressive Pfilo Fund	161.1	170.5	-0.4	—
Balanced Pfilo Fund	442.8	466.6	-1.1	—
Cautious Pfilo Fund	160.7	170.1	-0.6	—
Ethic Fund	145.6	154.1	+0.5	—
European Fund	161.4	170.8	-2.6	—
Far East Fund	147.9	156.6	-3.8	—
Fixed Interest Fund	303.2	320.9	-2.2	—
International Fund	371.3	393.0	-4.7	—
Money Fund	249.0	264.4		—
N. American Fund	216.7	229.3	-1.8	—
Property Fund	490.3	518.9	+0.1	—
UK Equity Fund	548.3	580.3	+0.8	—
Swiss Select Inv	85.6	91.0		—
Hardwick Tst Fund	108.7	113.6	-0.4	—
Perpetual Mngd Assets Fd	115.7	122.5	-1.0	—
Perpetual Mngd Fd	205.6	217.6	-2.2	—
With Profits Fd	137.3	145.3	—	—
Pension Series 3				
Aggressive Pfilo Fd	149.5	158.3	-0.5	—
Balanced Pfilo Fd	141.1	149.4	-0.4	—
Cautious Pfilo Fd	120.8	139.3	-0.5	—
Ethic Fund	117.7	124.6	+0.5	—
European Fund	188.7	200.8	-3.5	—
Far East Fund	157.2	166.4	-3.4	—
Fixed Interest Fund	129.0	136.6	-1.0	—
International Fd	160.2	169.0	-2.1	—
Money Fund	118.3	125.7		—
North American Fd	165.3	175.0	-1.3	—
Property Fund	123.8	131.1		—
UK Equity Fd	138.3	146.4	+0.7	—
Perpetual Managed Am Fd	87.4	92.5	-0.8	—
Perpetual Mngd Fd	180.2	188.6	-2.1	—
With Profits Fd	122.8	130.0	+0.1	—
Bldg Soc Growth Fd	120.2	127.3	—	—
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 659000				
Life Funds				
Balanced Investment Accm	171.5	180.4		—
Brit Blue Chip Fd Accm	216.6	228.0	-0.5	—
Equity Fd Accm	1456.3	1531.9	-1.8	—
European Fd Accm	353.1	371.6	-3.2	—
Int Fxd Int Fd Accm	309.4	322.5	+0.8	—
Fixed Int Accm	480.6	505.8	+2.2	—
Gtd Money Fd Accm	332.0	349.5	+0.1	—
Intl Man Fd Accm	582.2	624.4	-3.2	—
Japan Fd Accm	300.5	316.3	+0.2	—
UK Smlr Co's Fd Accm	129.8	136.7	-0.6	—
Nth American Fd Accm	304.1	320.0	-1.7	—
Pac Basin Fd Accm	318.4	335.0	-1.2	—
Prop Fd Accm	443.3	467.6	+1.5	—
Multiple Inv Accm	995.4	1047.7	-1.5	—
Emerging Markets	118.8	124.0	-0.8	—

INSURANCES

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Scottish Provident Group - Contd.

Swiss Life - Contd.

TSB Life Ltd

Target Life Assurance Co Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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American Phoenix Investment Portfolios (z)

13 rue Goethe, L-1637 Luxembourg 010 352 404461

BAII Intermarket Fund

2 Boulevard Royal, Luxembourg 010 352 4590 3862

Bank Von Ernst & Cie AG

Barclays Diversified Portfolio (z)

14 rue Aldringen L-1118 352 4799 2630

Barclays Inv Funds (Luxembourg)

Hypo Foreign & Colonial Port Fd Sicav(z)

INVESCO International Limited (x)

PO Box 271, St Helier, Jersey 0534 73114

Jupiter Tyndall Global Fund

13 rue Goethe L-1637 Luxembourg 010 352 404661

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Finnish markka firms

A sharp upward move in the Finnish markka was the dominant event on the foreign exchanges yesterday, *writes Philip Gawith.*

The currency is benefiting from good economic fundamentals, and polling evidence suggesting that the Finnish electorate will support European Union membership when it votes next weekend.

The other move of note was the sharp turnaround in sentiment in the short sterling markets. Prices rose after weaker than expected UK manufacturing and industrial production figures for August suggested no need for a near-term tightening of monetary policy.

Market activity, however, was generally very muted, with most attention focused on the release today of the US employment report and the Columbia University inflation index.

The dollar traded in a narrow range, finishing at Y99.75, from Y99.47 and DM1.5444 from DM1.5426. Sterling also had an uneventful day, with the trade weighted index closing unchanged at 80.2.

The Italian lira had a calmer day after Wednesday's political jitters, finishing at L1,014 from L1,016 against the D-Mark.

The rouble continued its recent slide, trading at Rbs2,833 to the dollar on the Moscow Interbank Currency Exchange, from Rbs2,808. A senior central bank official predicted that the currency could breach the Rbs3,000 level "long before the year-end."

■ The Finnish markka was again in the spotlight after new EU polls showed an increasing majority of Finns in favour of the EU. One poll had 48 per cent of Finns favouring membership.

Mr Niels Christensen, analyst at Technical Data in London, commented: "The polls triggered a move from FM3.11 to FM3.0850 (against the D-Mark) immediately at the opening of the European session. This move was capped by intervention from the Finnish central bank and the rate moved back to FM3.09."

"Renewed moves are expected in the next 10 days before the Finnish EU referendum on October 16. A move through FM3.08 and on toward FM3.05 seems very likely unless the Finnish central bank intervenes more seriously."

Mr Neil MacKinnon, chief economist at Citibank in London, said its Finnish customers reckoned the markka could reach FM3, while he thought it could go as far as FM2.80, its best level in the last two years. The currency has appreciated from around FM3.32 in mid-August.

According to Citibank figures, out of sixteen leading currencies, the Finnish markka was the best performer in the period from the beginning of the year until September 29. It gained 5.6 per cent against the D-Mark.

Mr MacKinnon said Finland's economic fundamentals were very attractive. "The key that is driving this is the very high export receivables Finnish companies are getting." Allied to this is a good inflation outlook, and a strong growth performance, both in 1994 and 1995.

The Finnish markka has pulled other Nordic currencies with it. Yesterday the Swedish krona finished at SKr4.759, from SKr4.788, against the D-Mark, while the Norwegian krona appreciated to NKr4.356 from NKr4.359.

Mr MacKinnon warned, though, that the size of Sweden's budget deficit – the structural deficit (which ignores the effect of economic cycles) is estimated to be nine per cent – made the Swedish currency vulnerable to depreciation.

■ Both volume and price movements in the short sterling market were favourable, especially in the shorter dated contracts. The December contract traded nearly 44,000 lots to finish at 93.30, from 93.18.

Mr Richard Phillips, analyst at brokers GNI, said the improved tone of the market was a result of the weak economic figures – well below consensus forecasts – and the market rebounding from an oversold position. He said a lot of traders were squeezed out of short positions when prices started to rise.

Short sterling prices have also benefited from the better performance of gilts this week. Analysts report portfolio switches from equities to gilts, while unease about the dollar, and nervousness about the D-Mark ahead of German elections, has also lent sterling an unusual safe-haven aura.

Although sentiment has improved, the futures prices are still pricing in a 70 basis point increase in UK rates by December.

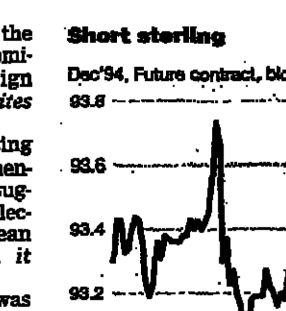
In the cash market, the sterling three month LIBOR rate came back to 6 per cent from $6\frac{1}{16}$ per cent, after starting the week at 5¾ per cent.

In its daily operations, the Bank of England provided UK money markets with £805m assistance, after declaring a £900m shortage. Overnight money traded between 3¾ and 5¾ per cent.

■ In the US today, attention will focus as much on the Columbia university inflation index as the payroll figures. Mr Alan Greenspan, chairman of the US Federal Reserve, has cited it as an indicator he watches, and last month it overshadowed the employment report.

Short sterling

Dec'94, Future contract, bid price



Source: FT Graphite

■ **Pound in New York**

Oct 6	Latest	Prev. close
£ spot	1.5881	1.5855
1 mth	1.5876	1.5850
3 mth	1.5870	1.5841
1 yr	1.5744	1.5704

■ **OTHER CURRENCIES**

Oct 6	£	$
Hungary	171.704 - 171.971	108.180 - 108.260
Iran	2753.00 - 2756.00	1748.00 - 1750.00
Kuwait	0.4720 - 0.4734	0.2973 - 0.2980
Poland	36808.2 - 36861.1	23185.0 - 23205.0
Russia	4494.05 - 4502.00	2830.00 - 2835.00
U.A.E.	5.8242 - 5.8359	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Oct 6		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2808	+0.0285	514 - 702	17.2705	17.2095	17.2565	0.3	17.2446	0.4	-	-	115.0
Belgium	(BFr)	50.4794	+0.0929	555 - 032	50.5040	50.2560	50.4994	-0.5	50.4144	0.5	50.0844	0.8	116.6
Denmark	(DKr)	9.6019	+0.0041	949 - 088	9.6094	9.5807	9.5975	0.5	9.614	-0.5	9.6308	-0.3	116.6
Finland	(FM)	7.5777	-0.0336	675 - 878	7.6180	7.5570	-	-	-	-	-	-	87.8
France	(FFr)	8.3823	+0.0143	780 - 865	8.3893	8.3568	8.3819	0.1	8.3781	0.2	8.318	0.8	110.3
Germany	(DM)	2.4526	+0.004	513 - 538	2.4539	2.4438	2.4516	0.5	2.4482	0.7	2.4173	1.4	125.9
Greece	(Dr)	374.221	+0.717	063 - 378	374.393	372.544	-	-	-	-	-	-	-
Ireland	(I£)	1.0128	+0.0015	120 - 135	1.0135	1.0089	1.0127	0.1	1.013	-0.1	1.0152	-0.2	105.4
Italy	(L)	2486.02	-1.36	444 - 759	2491.07	2479.05	2492.92	-3.3	2504.87	-3.0	2556.12	-2.8	75.0
Luxembourg	(LFr)	50.4794	+0.0929	555 - 032	50.5040	50.2560	50.4994	-0.5	50.4144	0.5	50.0844	0.8	116.6
Netherlands	(Fl)	2.7456	+0.0032	445 - 470	2.7475	2.7388	2.7448	0.4	2.7411	0.7	2.708	1.4	120.8
Norway	(NKr)	10.6808	+0.0031	759 - 858	10.7004	10.6586	10.6803	0.1	10.684	-0.1	10.6849	0.0	86.1
Portugal	(Es)	250.206	+0.277	047 - 364	250.379	248.432	251.936	-8.3	255.116	-7.8	-	-	-
Spain	(Pta)	203.344	+0.21	200 - 487	203.492	202.837	203.744	-2.4	204.419	-2.1	206.944	-1.8	85.9
Sweden	(SKr)	11.6748	-0.0521	650 - 846	11.7427	11.6553	11.6939	-2.0	11.7414	-2.3	11.9549	-2.4	76.1
Switzerland	(SFr)	2.0336	+0.0042	325 - 347	2.0353	2.0252	2.0306	1.8	2.0249	1.7	1.9844	2.4	123.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.2
Ecu	-	1.2833	+0.0021	823 - 842	1.2846	1.2798	1.2829	0.4	1.2826	0.2	1.2795	0.3	-
SDR†	-	0.923548	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5849	+0.0005	843 - 855	1.5858	1.5807	-	-	-	-	-	-	-
Brazil	(R)	1.3419	-0.0034	398 - 439	1.3443	1.3377	-	-	-	-	-	-	-
Canada	(C$)	2.1411	+0.0014	400 - 421	2.1426	2.1314	2.1405	0.3	2.1391	0.4	2.1335	0.4	87.7
Mexico	(New Peso)	5.4238	+0.0101	181 - 295	5.4298	5.2690	-	-	-	-	-	-	-
USA	($)	1.5880	+0.0006	875 - 885	1.5885	1.5837	1.5876	0.3	1.5871	0.2	1.575	0.8	62.2
Pacific/Middle East/Africa													
Australia	(A$)	2.1464	-	450 - 478	2.1493	2.1368	2.1464	0.0	2.1477	-0.2	2.1658	-0.9	-
Hong Kong	(HK$)	12.2711	+0.0046	668 - 753	12.2760	12.2380	12.2672	0.4	12.2651	0.2	12.2732	0.0	-
India	(Rs)	49.8176	+0.0264	959 - 392	49.8420	49.6810	-	-	-	-	-	-	-
Japan	(Y)	158.403	+0.509	274 - 532	158.550	157.610	157.933	3.6	156.978	3.6	151.613	4.3	187.1
Malaysia	(M$)	4.0679	-0.0029	661 - 697	4.0699	4.0562	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6263	-0.0048	244 - 282	2.6287	2.6164	2.6302	-1.8	2.638	-1.8	2.6602	-1.3	-
Philippines	(Peso)	41.8440	+1.2078	338 - 541	42.2650	41.4275	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9614	+0.0055	587 - 640	5.9649	5.9425	-	-	-	-	-	-	-
Singapore	(S$)	2.3503	+0.0108	490 - 516	2.3519	2.3340	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6743	+0.0019	713 - 773	5.6779	5.6502	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.6458	-0.0528	199 - 717	6.7088	6.6158	-	-	-	-	-	-	-
South Korea	(Won)	1268.97	+0.12	841 - 953	1269.81	1265.22	-	-	-	-	-	-	-
Taiwan	(T$)	41.5755	+0.0385	578 - 933	41.5995	41.4480	-	-	-	-	-	-	-
Thailand	(Bt)	39.7318	+0.048	113 - 522	39.7560	39.5650	-	-	-	-	-	-	-

†SDR rates for Oct 5. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.8895	+0.0135	670 - 720	10.8815	10.8535	10.8695	0.0	10.8693	0.0	10.7945	0.7	104.2
Belgium	(BFr)	31.7880	+0.0455	830 - 930	31.7930	31.7310	31.788	0.0	31.798	-0.1	31.858	-0.2	105.8
Denmark	(DKr)	6.0465	+0.0001	440 - 490	6.0587	6.0435	6.0507	-0.8	6.06	-0.9	6.1165	-1.2	105.2
Finland	(FM)	4.7718	-0.0231	669 - 767	4.8031	4.7637	4.7718	0.0	4.7743	-0.2	4.7883	-0.3	81.9
France	(FFr)	5.2785	+0.0068	775 - 795	5.2895	5.2722	5.28	-0.4	5.279	0.0	5.2812	-0.1	106.5
Germany	(D)	1.5444	+0.0018	441 - 447	1.5456	1.5420	1.5442	0.2	1.5426	0.5	1.5347	0.6	105.9
Greece	(Dr)	235.655	+0.355	630 - 680	235.750	235.300	235.955	-1.5	236.53	-1.5	239.03	-1.4	69.0
Ireland	(I£)	1.5680	-0.0017	674 - 686	1.5718	1.5661	1.5679	0.1	1.5678	0.1	1.5525	1.0	-
Italy	(L)	1565.50	-1.5	500 - 600	1571.75	1563.25	1570.25	-3.6	1578.2	-3.2	1623	-3.7	75.1
Luxembourg	(LFr)	31.7880	+0.0455	830 - 930	31.7930	31.7310	31.788	0.0	31.798	-0.1	31.858	-0.2	105.8
Netherlands	(Fl)	1.7291	+0.0013	288 - 293	1.7310	1.7275	1.7289	0.1	1.7271	0.5	1.7193	0.6	105.7
Norway	(NKr)	6.7260	-0.0008	250 - 270	6.7434	6.7215	6.732	-1.1	6.7495	-1.4	6.811	-1.3	96.3
Portugal	(Es)	157.560	-0.11	510 - 610	157.650	157.470	158.265	-5.4	159.46	-4.8	163.81	-4.0	95.0
Spain	(Pta)	128.050	+0.08	000 - 100	128.150	128.000	128.335	-2.7	128.805	-2.4	131.4	-2.6	80.9
Sweden	(SKr)	7.3520	-0.0358	480 - 559	7.4047	7.3480	7.3683	-2.7	7.3995	-2.6	7.575	-3.0	81.3
Switzerland	(SFr)	1.2806	+0.0021	803 - 809	1.2809	1.2777	1.2791	1.5	1.2759	1.6	1.2599	1.6	108.6
UK	(£)	1.5880	+0.0006	875 - 885	1.5885	1.5837	1.5876	0.3	1.5871	0.2	1.575	0.8	88.5
Ecu	-	1.2375	-0.0015	370 - 380	1.2386	1.2367	1.2368	0.7	1.2362	0.4	1.231	0.5	-
SDR†	-	1.46447	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9981	-0.0001	980 - 981	0.9981	0.9980	-	-	-	-	-	-	-
Brazil	(R)	0.8450	-0.0025	440 - 460	0.8460	0.8440	-	-	-	-	-	-	-
Canada	(C$)	1.3483	+0.0003	480 - 485	1.3500	1.3455	1.3484	0.0	1.3478	0.1	1.3546	-0.5	84.3
Mexico	(New Peso)	3.4155	+0.005	130 - 180	3.4150	3.3180	3.4165	-0.4	3.4183	-0.3	3.4257	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3517	-0.0005	512 - 521	1.3545	1.3483	1.352	-0.2	1.3527	-0.3	1.36	-0.6	86.7
Hong Kong	(HK$)	7.7274	-0.0003	271 - 276	7.7276	7.7271	7.7271	0.0	7.728	0.0	7.7429	-0.2	-
India	(Rs)	31.3713	+0.0038	675 - 750	31.3750	31.3675	31.4563	-3.3	31.6013	-2.9	-	-	-
Japan	(Y)	99.7500	+0.28	000 - 000	99.8000	99.5000	99.48	3.2	98.91	3.4	96.255	3.5	148.6
Malaysia	(M$)	2.5617	-0.0028	613 - 620	2.5643	2.5570	2.5525	4.3	2.5412	3.2	2.6147	-2.1	-
New Zealand	(NZ$)	1.6539	-0.0037	532 - 545	1.6565	1.6513	1.6549	-0.7	1.6567	-0.7	1.662	-0.5	-
Philippines	(Peso)	26.3500	+0.75	000 - 000	26.6000	26.0500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7540	+0.0019	535 - 545	3.7545	3.7521	3.7553	-0.4	3.7584	-0.6	3.778	-0.6	-
Singapore	(S$)	1.4801	+0.0063	797 - 804	1.4830	1.4737	1.4787	1.1	1.4768	0.9	1.4701	0.7	-
S Africa (Com.)	(R)	3.5733	-0.0002	725 - 740	3.5780	3.5630	3.5888	-5.2	3.6171	-4.9	3.6938	-3.4	-
S Africa (Fin.)	(R)	4.1850	-0.035	700 - 000	4.2300	4.1700	4.2187	-9.7	4.2775	-8.8	-	-	-
South Korea	(Won)	799.100	-0.25	000 - 200	799.200	798.700	802.1	-4.5	805.6	-3.3	824.1	-3.1	-
Taiwan	(T$)	26.1810	+0.0135	780 - 840	26.1780	26.1650	26.201	-0.9	26.241	-0.9	-	-	-
Thailand	(Bt)	25.0200	+0.02	150 - 250	25.0150	24.9400	25.0925	-3.5	25.22	-3.2	25.7	-2.7	-

†SDR rate for Oct 5. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 5. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 6		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.61	4.858	2.005	4926	5.439	21.16	495.7	402.8	23.12	4.028	1.981	4.242	3.146	313.8	2.542
Denmark	(DKr)	52.57	10	8.730	2.554	1.054	2589	2.859	11.12	260.6	211.7	12.15	2.117	1.042	2.230	1.654	165.0	1.336
France	(FFr)	60.21	11.45	10	2.925	1.207	2966	3.275	12.74	298.5	242.5	13.92	2.425	1.193	2.554	1.895	189.0	1.531
Germany	(DM)	20.58	3.916	3.418	1	0.413	1014	1.119	4.356	102.0	82.91	4.759	0.829	0.408	0.873	0.648	64.60	0.523
Ireland	(I£)	49.87	9.487	8.283	2.423	1	2457	2.712	10.55	247.2	200.9	11.53	2.009	0.988	2.116	1.569	156.5	1.268
Italy	(L)	2.030	0.386	0.337	0.099	0.041	100.	0.110	0.430	10.06	8.178	0.469	0.082	0.040	0.086	0.064	6.372	0.052
Netherlands	(Fl)	18.39	3.498	3.054	0.893	0.369	905.6	1	3.891	91.15	74.06	4.251	0.741	0.364	0.780	0.579	57.70	0.467
Norway	(NKr)	47.26	8.990	7.848	2.296	0.948	2328	2.570	10	234.3	190.4	10.93	1.904	0.936	2.005	1.487	148.3	1.201
Portugal	(Es)	20.17	3.837	3.350	0.980	0.404	993.6	1.097	4.269	100.	81.25	4.664	0.813	0.400	0.856	0.635	63.31	0.513
Spain	(Pta)	24.83	4.723	4.123	1.206	0.498	1223	1.350	5.253	123.1	100.	5.740	1.000	0.492	1.053	0.781	77.91	0.631
Sweden	(SKr)	43.25	8.227	7.183	2.101	0.867	2130	2.352	9.152	214.4	174.2	10	1.742	0.857	1.835	1.361	135.7	1.099
Switzerland	(SFr)	24.83	4.723	4.123	1.206	0.498	1223	1.350	5.253	123.1	100.0	5.740	1	0.492	1.053	0.781	77.91	0.631
UK	(£)	50.47	9.601	8.382	2.452	1.012	2486	2.745	10.68	250.2	203.3	11.67	2.033	1	2.141	1.588	158.4	1.283
Canada	(C$)	23.57	4.484	3.915	1.145	0.473	1161	1.282	4.988	116.9	94.96	5.451	0.950	0.467	1	0.742	73.98	0.599
US	($)	31.78	6.046	5.278	1.544	0.637	1565	1.729	6.725	157.6	128.0	7.349	1.280	0.630	1.348	1	99.75	0.808
Japan	(Y)	31.86	6.061	5.292	1.548	0.639	1569	1.733	6.742	158.0	128.3	7.367	1.283	0.631	1.352	1.003	100.	0.810
Ecu		39.34	7.483	6.533	1.911	0.789	1938	2.140	8.324	195.0	158.5	9.096	1.585	0.779	1.669	1.238	123.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6483	0.6478	-0.0007	0.6485	0.6470	32,456	76,502
Mar	0.6486	0.6488	-0.0010	0.6488	0.6486	162	3,920
Jun	-	0.6507	-	-	-	3	593

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0102	1.0088	-0.0022	1.0112	1.0080	14,546	49,482
Mar	1.0173	1.0172	-0.0021	1.0173	1.0165	372	2,967
Jun	-	1.0293	-	-	-	1	449

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7842	0.7832	-0.0011	0.7844	0.7827	21,849	35,094
Mar	0.7862	0.7863	-0.0012	0.7863	0.7861	135	807
Jun	-	0.7906	-	-	-	3	63

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5844	1.5842	-0.0006	1.5860	1.5826	14,424	37,669
Mar	1.5836	1.5836	-	1.5836	1.5810	35	350
Jun	-	1.5760	-	-	1.5760	1	8

EMS EUROPEAN CURRENCY UNIT RATES

Oct 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14801	-0.0002	-2.17	5.49	-
Ireland	0.808628	0.792413	+0.000477	-2.01	5.31	14
Belgium	40.2123	39.4879	+0.0076	-1.80	5.09	13
Germany	1.94964	1.91817	+0.00032	-1.56	4.84	-
France	6.53883	6.55896	+0.00242	0.31	2.88	-3
Denmark	7.43679	7.51557	-0.00133	1.06	2.12	-7
Portugal	192.854	195.756	-0.057	1.50	1.67	-10
Spain	154.250	159.182	+0.08	3.20	0.00	-22
NON ERM MEMBERS						
Greece	264.513	292.920	+0.375	10.74	-6.81	-
Italy	1793.19	1944.72	-4.7	8.45	-4.84	-
UK	0.786749	0.783715	+0.000164	-0.39	3.60	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
1.500	8.27	8.23	8.30	-	0.02	0.17
1.525	5.83	5.87	6.17	0.03	0.07	0.46
1.550	3.36	3.70	4.24	-	0.39	1.00
1.575	1.23	2.01	2.86	0.32	1.13	1.90
1.600	0.16	0.87	1.57	1.74	2.48	3.18
1.625	-	0.29	0.83	3.96	4.33	4.91

Previous day's vol., Calls 12,443 Puts 7,234 . Prev. day's open int., Calls 392,881 Puts 320,198

WORLD INTEREST RATES

MONEY RATES

October 6	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	$4\frac{7}{16}$	5	$5\frac{1}{16}$	$5\frac{7}{16}$	$6\frac{1}{8}$	7.40	4.50	-
week ago	$4\frac{3}{4}$	5	$5\frac{3}{8}$	$5\frac{9}{16}$	$6\frac{1}{8}$	7.40	4.50	-
France	$5\frac{5}{8}$	$5\frac{7}{16}$	$5\frac{11}{16}$	$5\frac{13}{16}$	$6\frac{1}{16}$	5.00	-	6.75
week ago	$5\frac{5}{8}$	$5\frac{7}{16}$	$5\frac{5}{8}$	$5\frac{13}{16}$	$6\frac{1}{4}$	5.00	-	6.75
Germany	4.95	4.95	5.20	5.30	5.75	6.00	4.50	4.85
week ago	4.80	4.95	5.18	5.23	5.63	6.00	4.50	4.85
Ireland	$4\frac{3}{8}$	$5\frac{1}{2}$	$6\frac{1}{8}$	$6\frac{5}{8}$	$7\frac{1}{8}$	-	-	6.25
week ago	$4\frac{3}{8}$	$5\frac{1}{2}$	$6\frac{1}{8}$	$6\frac{1}{8}$	$7\frac{1}{8}$	-	-	6.25
Italy	$8\frac{7}{16}$	$8\frac{3}{4}$	$8\frac{7}{8}$	$9\frac{3}{4}$	$10\frac{1}{8}$	-	7.50	8.20
week ago	$8\frac{7}{16}$	$8\frac{3}{4}$	$8\frac{1}{2}$	$8\frac{13}{16}$	$9\frac{3}{4}$	-	7.50	8.20
Netherlands	4.84	5.02	5.25	5.39	5.85	-	5.25	-
week ago	4.84	5.02	5.20	5.34	5.72	-	5.25	-
Switzerland	$3\frac{7}{8}$	4	$4\frac{1}{4}$	$4\frac{3}{8}$	$4\frac{3}{4}$	6.625	3.50	-
week ago	$3\frac{7}{8}$	4	$4\frac{1}{8}$	$4\frac{5}{16}$	$4\frac{13}{16}$	6.625	3.50	-
US	$4\frac{7}{8}$	$5\frac{1}{4}$	$5\frac{7}{8}$	$5\frac{7}{8}$	$6\frac{3}{4}$	-	4.00	-
week ago	$4\frac{13}{16}$	$5\frac{1}{8}$	$5\frac{3}{4}$	$5\frac{7}{8}$	$6\frac{1}{2}$	-	4.00	-
Japan	$2\frac{1}{4}$	3	$2\frac{1}{4}$	$2\frac{5}{8}$	$2\frac{3}{4}$	-	1.75	-
week ago	$2\frac{1}{2}$	3	$2\frac{1}{4}$	$2\frac{5}{8}$	$2\frac{3}{4}$	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	$5\frac{3}{8}$	$5\frac{13}{16}$	$5\frac{7}{8}$	$6\frac{1}{4}$	-	-	-
week ago	-	$5\frac{1}{4}$	$5\frac{11}{16}$	$5\frac{13}{16}$	$6\frac{1}{8}$	-	-	-
US Dollar CDs	-	4.92	5.35	5.65	6.22	-	-	-
week ago	-	4.82	5.15	5.40	5.97	-	-	-
SDR Linked Ds	-	$3\frac{3}{4}$	$3\frac{5}{8}$	$3\frac{3}{4}$	4	-	-	-
week ago	-	$3\frac{3}{4}$	$3\frac{5}{8}$	$3\frac{3}{4}$	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5¾; 3 mths: $5\frac{13}{16}$; 6 mths: $6\frac{1}{4}$; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 6	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	$4\frac{15}{16}$ - $4\frac{13}{16}$	$4\frac{15}{16}$ - $4\frac{13}{16}$	5 - $4\frac{7}{8}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$6\frac{3}{16}$ - $6\frac{1}{16}$
Danish Krone	$5\frac{3}{4}$ - $5\frac{1}{2}$	$5\frac{3}{4}$ - $5\frac{1}{2}$	$5\frac{7}{8}$ - $5\frac{5}{8}$	$6\frac{1}{2}$ - $6\frac{1}{4}$	7 - $6\frac{3}{4}$	$7\frac{3}{4}$ - $7\frac{1}{2}$
D-Mark	$4\frac{7}{8}$ - $4\frac{3}{4}$	$4\frac{15}{16}$ - $4\frac{13}{16}$	5 - $4\frac{7}{8}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$5\frac{15}{16}$ - $5\frac{13}{16}$
Dutch Guilder	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{7}{8}$ - $5\frac{3}{4}$
French Franc	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{4}$ - $5\frac{5}{8}$	6 - $5\frac{7}{8}$	$6\frac{1}{2}$ - $6\frac{3}{8}$
Portuguese Esc.	$9\frac{3}{16}$ - $9\frac{1}{16}$	$9\frac{3}{8}$ - $9\frac{1}{8}$	10 - $9\frac{1}{2}$	$10\frac{1}{4}$ - $9\frac{3}{4}$	$10\frac{1}{2}$ - 10	$10\frac{3}{4}$ - $10\frac{1}{4}$
Spanish Peseta	$7\frac{1}{2}$ - $7\frac{3}{8}$	$7\frac{1}{2}$ - $7\frac{3}{8}$	$7\frac{5}{8}$ - $7\frac{1}{2}$	$7\frac{15}{16}$ - $7\frac{13}{16}$	$8\frac{7}{16}$ - $8\frac{5}{16}$	$9\frac{1}{8}$ - 9
Sterling	$5\frac{1}{4}$ - 5	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{13}{32}$ - $5\frac{11}{32}$	6 - $5\frac{7}{8}$	$6\frac{1}{2}$ - $6\frac{3}{8}$	$7\frac{7}{16}$ - $7\frac{5}{16}$
Swiss Franc	$3\frac{13}{16}$ - $3\frac{11}{16}$	$3\frac{13}{16}$ - $3\frac{11}{16}$	$3\frac{13}{16}$ - $3\frac{11}{16}$	$4\frac{1}{4}$ - $4\frac{1}{8}$	$4\frac{3}{8}$ - $4\frac{1}{4}$	$4\frac{3}{4}$ - $4\frac{5}{8}$
Can. Dollar	$5\frac{1}{16}$ - $4\frac{7}{8}$	$4\frac{15}{16}$ - $4\frac{3}{4}$	$5\frac{1}{8}$ - 5	$5\frac{5}{8}$ - $5\frac{1}{2}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$7\frac{1}{16}$ - $6\frac{15}{16}$
US Dollar	$4\frac{15}{16}$ - $4\frac{13}{16}$	$4\frac{15}{16}$ - $4\frac{13}{16}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{13}{16}$ - $5\frac{11}{16}$	$5\frac{15}{16}$ - $5\frac{13}{16}$	$6\frac{7}{16}$ - $6\frac{5}{16}$
Italian Lira	8 - $7\frac{1}{2}$	$8\frac{1}{2}$ - $8\frac{3}{8}$	$8\frac{3}{4}$ - $8\frac{5}{8}$	9 - $8\frac{7}{8}$	$9\frac{1}{2}$ - $9\frac{3}{8}$	$10\frac{1}{2}$ - $10\frac{3}{8}$
Yen	$2\frac{3}{8}$ - $2\frac{1}{8}$	$2\frac{5}{16}$ - $2\frac{3}{16}$	$2\frac{3}{8}$ - $2\frac{1}{4}$	$2\frac{3}{8}$ - $2\frac{1}{4}$	$2\frac{1}{2}$ - $2\frac{3}{8}$	$2\frac{3}{4}$ - $2\frac{5}{8}$
Asian $Sing	$\frac{5}{8}$ - $\frac{1}{2}$	$2\frac{5}{8}$ - $2\frac{1}{2}$	$3\frac{3}{16}$ - $3\frac{1}{16}$	$3\frac{11}{16}$ - $3\frac{9}{16}$	4 - $3\frac{7}{8}$	$4\frac{3}{16}$ - $4\frac{1}{16}$

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.97	93.99	+0.02	94.02	93.96	13,077	47,948
Mar	93.48	93.49	+0.02	93.52	93.45	9,436	35,891
Jun	93.06	93.09	+0.02	93.11	93.05	3,841	26,836
Sep	92.76	92.78	+0.03	92.80	92.73	965	20,088

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.92	93.93	+0.01	93.92	93.91	61	2239
Mar	93.54	93.54	-0.01	93.54	93.54	2	1508
Jun	-	93.11	-0.01	-	-	0	300
Sep	92.79	92.79	-0.02	92.79	92.79	2	52

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.62	94.63	+0.02	94.66	94.62	21615	186730
Mar	94.22	94.24	+0.04	94.27	94.21	27891	174722
Jun	93.78	93.81	+0.05	93.84	93.78	20445	107146
Sep	93.40	93.43	+0.05	93.46	93.40	7222	74230

■ **THREE MONTH EUROLIRA INT. RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.29	90.42	+0.13	90.45	90.29	5426	32666
Mar	89.66	89.70	+0.11	89.78	89.64	1625	17046
Jun	89.09	89.14	+0.10	89.16	89.09	888	15389
Sep	88.70	88.76	+0.11	88.80	88.69	375	15302

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.62	95.62	+0.03	95.66	95.60	3158	22695
Mar	95.21	95.24	+0.04	95.27	95.21	1745	12368
Jun	94.85	94.87	+0.02	94.91	94.85	320	7184
Sep	-	94.58	+0.03	-	-	0	1056

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.56	93.56	+0.04	93.60	93.52	1623	7667
Mar	92.97	92.99	+0.04	93.05	92.95	1280	5391
Jun	92.46	92.48	+0.06	92.50	92.43	610	2734
Sep	92.07	92.07	+0.04	92.12	92.05	250	1065

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.93	93.94	+0.01	93.95	93.92	147,821	480,259
Mar	93.54	93.55	+0.01	93.58	93.53	130,718	399,549
Jun	93.10	93.11	-	93.14	93.10	75,894	302,275

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.52	94.53	-	94.53	94.52	3,354	21,472
Mar	94.10	94.10	-	94.11	94.10	1,002	9,631
Jun	-	93.70	-	93.70	-	129	2,253

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
9450	0.15	0.17	0.22	0.14	0.02	0.04	0.08	0.40
9475	0.01	0.05	0.08	0.07	0.13	0.17	0.20	0.58
9500	0	0.01	0.02	0.03	0.37	0.38	0.39	0.79

Est. vol. total, Calls 5539 Puts 1994. Previous day's open int., Calls 173784 Puts 170380

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9550	0.18	0.13	0.08	0.06	0.39	0.71
9575	0.05	0.07	0.04	0.18	0.58	0.92
9600	0.02	0.04	0.02	0.40	0.80	1.15

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1870 Puts 815

UK INTEREST RATES

LONDON MONEY RATES

Oct 6	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	$5\frac{7}{8}$ - $3\frac{3}{4}$	$5\frac{1}{2}$ - 5	$5\frac{1}{2}$ - $5\frac{1}{4}$	6 - $5\frac{7}{8}$	$6\frac{1}{2}$ - $6\frac{3}{8}$	$7\frac{1}{2}$ - $7\frac{3}{8}$
Sterling CDs	-	-	$5\frac{5}{16}$ - $5\frac{1}{4}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$6\frac{7}{16}$ - $6\frac{5}{16}$	$7\frac{3}{8}$ - $7\frac{1}{4}$
Treasury Bills	-	-	$5\frac{5}{32}$ - $5\frac{3}{16}$	$5\frac{3}{4}$ - $5\frac{5}{8}$	-	-
Bank Bills	-	-	$5\frac{5}{32}$ - $5\frac{3}{16}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$6\frac{3}{8}$ - $6\frac{1}{4}$	-
Local authority deps.	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{13}{16}$ - $5\frac{11}{16}$	$6\frac{5}{8}$ - $6\frac{3}{8}$	$7\frac{5}{16}$ - $7\frac{3}{16}$
Discount Market deps	$5\frac{3}{4}$ - 4	$5\frac{1}{4}$ - 5	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$1\frac{1}{2}$	4	$3\frac{3}{4}$	$3\frac{3}{4}$	$3\frac{1}{2}$

Certs of Tax dep. under £100,000 is $1\frac{1}{2}$pc. Deposits withdrawn for cash ¼pc.
Ave. tender rate of discount 5.4710pc. ECGD fixed rate Stg. Export Finance. Make up day Sep 30, 1994. Agreed rate for period Oct 26, 1994 to Nov 25, 1994, Schemes II & III 7.05pc. Reference rate for period Sep 1, 1994 to Sep 30, 1994, Schemes IV & V 5.735pc. Finance House Base Rate 6pc from Oct 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.20	93.30	+0.12	93.33	93.19	43875	163902
Mar	92.27	92.40	+0.15	92.45	92.27	30983	88552
Jun	91.63	91.74	+0.15	91.79	91.62	7243	53515
Sep	91.18	91.28	+0.14	91.31	91.18	3362	51763

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9325	0.27	0.09	0.12	0.22	0.94	1.63
9350	0.13	0.04	0.08	0.33	1.14	1.84
9375	0.05	0.02	0.05	0.50	1.37	2.06

Est. vol. total, Calls 12139 Puts 11788. Previous day's open int., Calls 301588 Puts 185117

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25	* In administration	
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	* Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD — 0732 770114				
Cafcash Deposit Fund	5.09	-	5.18	3-Mth
Deposits Over £1 million	5.19	-	5.29	3-Mth
Deposits Over £2 million	5.29	-	5.40	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ — 071-588 1815				
Deposit	5.00	-	5.09	3-Mth
Cent. Bd. of Fin. of Church of England‡ 2 Fore Street, London EC2Y 5AQ — 071-588 1815				
Deposit	5.10	-	5.20	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Allied Trust Bank Ltd 25 Dowgate Hill, London, EC4R 2AT — 071-626 0879				
FORMIA (£2,001+)	6.54	4.90	6.64	Yearly
TREMIA (£2,001+)	5.85	4.39	5.85	Yearly
TOMIA (£2,001+)	5.64	4.23	5.64	Yearly
OMIA (£2,001+)	5.33	3.99	5.33	Yearly
HICA (£2,001+)	4.00	3.00	4.07	Mth
HBCA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	6.87	5.15	6.87	Yearly
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ — 0444 232444				
High Performance Cheque Account				
£500-£999.99	1.00	0.75	1.00	Mth
£1,000-£4,999.99	3.50	2.63	3.56	Mth
£5,000-£9,999.99	3.75	2.81	3.82	Mth
£10,000-£24,999.99	4.00	3.00	4.07	Mth
£25,000-£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.85	Mth
Arbuthnot Latham & Co Ltd 30 City Road, London EC1Y 2AY. — 071-638 0070				
Treasury Account – for professional advisers				
£25,000-£49,999	4.75	3.5625	4.85	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Multiply Inc Acc – for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 – £24,999	4.00	3.00	4.07	Mth
£25,000 – £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.85	Mth
Money Market questions – please telephone				
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL — 0753 516516				
£10,000+	4.000	3.000	4.060	Qtr
£2,000-£9,999	3.00	2.250	3.034	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH — 071-601 6446				
Mkt Cng Acc £2,500-£9,999	3.50	2.62	3.56	Mth
£10,000-£24,999	4.00	3.00	4.07	Mth
£25,000-£249,999	4.25	3.18	4.33	Mth
£250,000+	5.50	4.12	5.64	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry — 0800 400100				
£2,000-£9,999	4.75	3.56	4.75	Yearly
£10,000-£24,999	5.25	3.94	5.25	Yearly
£25,000-£49,999	5.50	4.13	5.50	Yearly
£50,000-£99,999	5.60	4.20	5.60	Yearly
£100,000+	5.75	4.31	5.75	Yearly
Barclays Prime Account H.I.C.A. Wavertree Boulevard, Liverpool — 051-254 6236				
£1,000-£2,499	2.50	1.88	2.52	Qtr
£2,500-£9,999	2.75	2.06	2.78	Qtr
£10,000-£24,999	3.25	2.44	3.29	Qtr
£25,000+	3.75	2.81	3.80	Qtr
Coutts & Co 440 Strand, London WC2R 0QS — 071-753 1000				
Coutts Composite Account for clients money — 15 Lombard Street, London EC3V 9AU — 071-623 1010				
Rates negotiable up to	4.875	-	-	-
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP — 071-606 1619				
£20,000+	5.50	4.13	5.61	Qtr
£10,001-£20,000	4.50	3.37	4.58	Qtr
£2,500-£10,000	4.00	3.00	4.06	Qtr
Savings Account	3.00	2.25	3.03	Qtr
Davenham Tst Plc–Davenham 500 Acc 8 St John St, Manchester M3 4DU — 061-832 8484				
£10,000+ 6 Mths	7.50	5.625	7.64	6-Mth
£10,000+ 1 Year	8.00	6.005	8.00	Yearly
£5,000 - Fixed Rate 6d 2 Yrs	8.25	6.1875	7.94	-
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth Surrey, KT20 6RB				
£1-£999	1.00	0.75	1.00	Qtr
£1,000-£9,999	4.00	3.00	4.06	Qtr
£10,000-£24,999	4.50	3.375	4.58	Qtr
£25,000-£99,999	5.00	3.75	5.09	Qtr
£100,000+	5.30	3.90	5.30	Qtr
£500,000+ Money Market Rates on request				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG — 0422 335333				
Rates for personal customers				
£50,000 and above	5.85	4.39	5.98	Qtr
£25,000 to £49,999	5.50	4.13	5.61	Qtr
£10,000 to £24,999	5.15	3.86	5.25	Qtr
£5,000 to £9,999	4.50	3.38	4.58	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX — 0222 220800				
6 Mth Fixed Rate Deposit Acc	6.50	4.88	6.61	-
3 Mth Fixed Rate Deposit Acc	6.25	4.69	6.40	-
1 Mth Fixed Rate Deposit Acc	6.25	4.80	6.43	-
Humberclyde Finance Group 5 Barclay Way, Hook, Basingstoke — 0256 760000				
£50,000+	5.75	4.31	5.88	Qtr
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA — 071-588 2323				
Treasury High Interest Cheque Account				
£25,001-£100,000	4.75	3.5625	4.8364	Qtr
£100,001 plus	5.00	3.7500	5.0848	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT — 071-267 1566				
H.I.C.A. (£2,500+)	4.375	3.28	4.48	Daily
Kleinwort Benson Private Bank (a division of Kleinwort Benson Investment Management Ltd) 158 Kentish Town Road, London NW5 2BT — 071-267 1566				
H.I.C.A. (£2,500+)	4.375	3.28	4.48	
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS — 0272 433372				
£100,000 and above	5.75	4.31	5.75	Yearly
£50,000+	5.40	4.05	5.40	Yearly
£25,000+	5.20	3.90	5.20	Yearly
£10,000+	5.00	3.75	5.00	Yearly
Midland Bank plc PO Box 2, Sheffield — 071 705 8430				
Exchequer Acc £5000+	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.50	4.12	5.50	Yearly
TESSA	5.25	-	5.25	Yearly
Nationwide Bldg Soc – BusinessInvestor Business High Interest Cheque Account, Pipers Way, Swindon L, SN38 1NW — 0800 335590				
£2,000-£4,999	3.30	2.48	3.34	Qtr
£5,000-£9,999	3.80	2.85	3.85	Qtr
£10,000-£24,999	4.30	3.23	4.37	Qtr
£25,000-£49,999	4.80	3.60	4.89	Qtr
£50,000+	5.30	3.98	5.41	Qtr
Portman Bldg Soc Prestige Cheque Account Richmond Hill, Bournemouth, BH2 6EP — 0800 683683				
£50,000+	5.50	4.13	5.50	Yearly
£30,000-£49,999	5.00	3.75	5.00	Yearly
£20,000-£29,999	4.50	3.38	4.50	Yearly
£10,000-£19,999	3.50	2.63	3.50	Yearly
£2,500-£9,999	2.50	1.88	2.50	Yearly
Rea Brothers Limited, Bankers — 071-623 1155				
[illegible]				

Brown Shipley & Co Ltd [illegible]

Caledonian Bank Plc [illegible]

Cater Allen Ltd [illegible]

Charterhouse Bank Limited [illegible]

Clydesdale Bank [illegible]

The Co-operative Bank [illegible]

Royal Bank of Scotland plc [illegible]

Save & Prosper/Robert Fleming [illegible]

Tyndall Bank plc [illegible]

United Dominions Trust Ltd [illegible]

J. Henry Schroder Wagg & Co Ltd [illegible]

Western Trust High Interest Cheque Acc [illegible]

	Gross	Net	Gross CAR	Int Cr
Business Deposit – Instant Access				
£250,000+	4.37	3.28	4.42	6-Mth
£50,000-£249,999	3.31	2.48	3.34	6-Mth
£10,000-£49,999	3.06	2.30	3.08	6-Mth
£500-£9,999	2.62	1.97	2.64	6-Mth
30-60 day notice available Tel 0345 213213				

NOTES – Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account.

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WORLD STOCK MARKETS

EUROPE

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, October 6, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	5.9m	381	-4	NKK	3.3m	287	-2
Sumitomo Mtl	4.8m	345	+8	Toshiba	3.1m	735	+3
NEC	4.6m	1250	+30	Oki Electric	2.8m	788	+8
Hitachi	3.7m	973	+5	Mitsubishi Hvy	2.7m	780	
Honshu Paper	3.5m	662	+12	Mitsubishi Elec	2.5m	705	

INDICES

	Oct 6	Oct 5	Oct 4	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	19740.51	20315.88	25470.40	18/2	17756.90	20/4
Australia							
All Ordinaries(1/1/80)	1976.3	1979.8	1998.0	2340.60	3/2	1957.40	27/5
All Mining(1/1/80)	1044.4	1044.1	1056.3	1136.10	3/2	904.80	5/5
Austria							
Credit Aktien(30/12/84)	390.21	390.78	392.69	460.66	2/2	388.21	6/10
Traded Index(2/1/91)	1049.95	1048.15	1051.54	1222.25	1/2	1011.38	6/6
Belgium							
BEL20 (1/1/91)	1338.09	1338.33	1367.57	1542.65	9/2	1338.09	6/10
Brazil							
Bovespa (29/12/83)	(u)	51689.0	53357.0	55110.80	13/9	3800.80	3/1
Canada							
Metals Mins♦(1975)	(u)	3994.10	4029.53	4250.99	19/9	3299.06	20/4
Composite♦ (1975)	(u)	4253.40	4274.30	4699.90	23/3	3939.99	24/6
Portfolio§§ (4/1/83)	(u)	2026.69	2030.13	2182.98	1/2	1868.45	28/6
Chile							
IPSA Gen (31/12/80)	(u)	5172.4	5192.3	5192.30	4/10	3901.20	4/4
Denmark							
CopenhagenSE(3/1/83)	339.62	341.18	346.42	415.79	2/2	339.62	6/10
Finland							
HEX General(28/12/90)	1870.5	1889.0	1901.0	1972.09	4/2	1601.10	3/1
France							
SBF 250 (31/12/90)	1241.05	1238.08	1262.63	1585.29	2/2	1238.08	5/10
CAC 40(31/12/87)	1843.38	1833.72†	1876.12	2355.93	3/2	1833.72	6/10
Germany							
FAZ Aktien(31/12/58)	742.63	742.04	754.00	859.27	18/5	742.04	5/10
Commerzbank(1/12/53)	2118.60	2116.30	2150.00	2465.80	2/5	2116.30	5/10
DAX (30/12/87)‡	1961.03	1968.72	1994.95	2271.11	18/5	1961.03	6/10
Greece							
Athens SE(31/12/80)	879.33	873.59	861.55	1194.58	18/1	806.67	25/5
Hong Kong							
Hang Seng(31/7/64)	9276.25	9298.36	9504.12	12201.09	4/1	8369.44	4/5
India							
BSE Sens.(1979)	4379.49	4350.05	4388.14	4597[illegible]	27/9	3454.09	5/1
Indonesia							
Jakarta Comp.(10/8/82)	511.46	503.64	500.72	612.89	5/1	449.72	12/7
Ireland							
ISEQ Overall(4/1/88)	1799.52	1800.46	1818.92	2082.16	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	646.97	641.94	657.98	817.17	10/5	588.85	10/1
MIB General (4/1/94)	1048.0	1040.0	1086.0	1318.00	10/5	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	19655.23	19751.55	19588.61	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	288.80	289.89	287.50	311.71	13/6	268.22	4/1
Topix (4/1/68)	1578.27	1582.05	1572.78	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2231.56	2243.28	2228.22	2542.65	8/7	1873.39	4/1
Malaysia							
KLSE Comp.(4/4/86)	1143.43	1133.72	1125.66	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2641.39	2570.02	2881.17	8/2	1957.33	20/4
Netherland							
CBS TtlRtnGen(End 83)	419.5	419.3	427.2	454.99	31/1	408.30	21/6
CBS All Shr (End 83)	263.5	263.4	269.3	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	1998.18	2035.01	2057.50	2439.64	3/2	1946.61	11/7
Norway							
Oslo SE(Ind)(2/1/83)	1041.57	1040.49	1049.74	1211.10	28/2	988.91	21/6
Philippines							
Manila Comp (2/1/85)	2977.80	2973.31	2953.61	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2885.9	(c)	2905.6	3228.80	18/2	2612.80	20/6
Singapore							
SES All-S'pore(2/4/75)	577.68	584.89	581.76	641.81	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2331.0♥	2387.0	2400.0	2534.00	7/9	1749.00	14/2
JSE Indl. (28/9/78)	6271.0♥	6271.0	6300.0	6757.00	15/6	6446.09	19/1
South Korea							
KoreaCmpEx(4/1/80)**	1089.93	1057.24	1084.64	1089.93	6/10	855.37	2/4
Spain							
Madrid SE (30/12/85)	290.40	290.07	295.72	359.31	31/1	290.07	5/10
Sweden							
AffarsvardnGen (1/2/37)	1381.10	1384.20	1406.40	1603.90	31/1	1334.78	6/7
Switzerland							
Swiss Bk Ind (31/12/58)	1172.88	1171.96	1189.90	1423.34	31/1	1157.97	18/7
SBC General (1/4/87)	889.35	888.07	901.35	1093.29	31/1	888.07	5/10
Taiwan							
WeightedPr.(30/6/66)**	6853.32	6944.59	7179.92	7191.13	6/10	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1481.50	1492.89	1500.93	1753.73	4/1	1196.59	4/4
Turkey							
Istanbul Comp.(Jan 1986)	27522.3	26763.0	27065.1	28883.69	13/1	12980.79	24/3
WORLD							
MS Capital Int (1/1/70)§	616.5*	617.1	618.3	644.00	2/9	581.80	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1290.84	1286.48	1312.97	1549.19	31/1	1286.48	5/10
Euro Top-100 (26/6/90)	1140.36	1138.48	1157.12†	1311.01	2/2	1138.48	5/10
JCapelOrgns (31/12/88)	(u)	332.89	336.07	395.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	185.91	188.28	189.85	191.78	28/9	141.85	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Oct	1852.0	1852.0	+11.0	1862.0	1852.0	6,930	29,624
Nov	1859.0	1860.0	+11.0	1863.5	1858.0	5	689
Dec	1869.5	1869.5	+11.0	1878.0	1869.5	173	28,204

Open interest figures for previous day.

** Sat Oct 1 : Taiwan Weighted Price 7135.12; Korea Comp Ex 1054.23. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Oct 6 - 1965.41 +16.92

US INDICES

Dow Jones	Oct 5	Oct 4	Oct 3	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3787.34	3801.13	3846.89	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	96.42	96.73	96.96	105.61 (21/1)	96.42 (5/10)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1443.62	1459.22	1486.00	1862.29 (2/2)	1443.62 (5/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	177.96	178.68	180.60	227.08 (3/1)	175.85 (30/9)	256.48 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high (u) (3873.47) Low (u) (3788.35) (Theoretical♦)
Day's high 3802.14 (3858.33) Low 3748.31 (3794.40) (Actual♦)

Standard and Poors	Oct 5	Oct 4	Oct 3	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	453.52	454.59	461.74	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	538.16	539.12	547.77	560.83 (15/9)	510.05 (21/4)	560.83 (15/9/94)	3.62 (21/6/32)
Financial	42.01	42.16†	42.83	46.94 (14/6)	41.39 (4/4)	48.48 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	250.36	251.46	254.94	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	451.11	453.81	458.46	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	746.28	747.31	760.88	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Sep 30	Sep 23	Sep 16	Year ago
Dow Jones Ind. Div. Yield	2.76	2.76	2.69	2.85
	Oct 5	Sep 28	Sep 21	Year ago
S & P Ind. Div. yield	2.43	2.39	2.41	2.51
S & P Ind. P/E ratio	20.33	20.78	20.64	27.52

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Dec	454.25	454.90	+0.65	455.20	453.90	98,710	214,763
Mar	-	457.35	-	-	-	1,533	7,676
Jun	-	461.05	-	-	-	387	2,578

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Compaq	5,181,900	32⅛	+⅝
Motorola	4,820,100	50⅞	-⅝
Micron	4,551,400	33⅞	+2⅝
Gen Motors	4,254,100	45½	+⅝
Wal-Mart	3,882,600	23⅞	+½
Telefonos	3,714,200	60⅜	-⅛
Merck	3,466,900	35	-⅝
Healthtrust	3,443,800	34⅞	+2⅛
Ford Motor	3,336,800	27⅝	+½
Columbia	3,004,300	40⅞	-2

■ TRADING ACTIVITY

● Volume (million)	Oct 5	Oct 4	Oct 3
New York SE	359.637	325.517	269.112
Amex	19.870	16.799	27.326
NASDAQ	323.021	302.993	222.607
NYSE			
Issues Traded	2,864	2,864	2,852
Rises	537	551	831
Falls	1755	1,715	1,341
Unchanged	572	598	680
New Highs	9	35	40
New Lows	254	127	77

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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4 pm close October 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	1994 Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅜	12¼	AAR	0.48	3.8	21	2432	12⅝	12½	12⅝	
17¼	12⅝	A L Labs A	0.18	1.1	37	98	16⅛	15⅞	16⅛	+⅛
78¼	57⅝	AMP	1.68	2.3	26	1095	75⅞	74⅝	74⅝	-⅞
72¾	48¼	AMR			84	6610	49	d48⅛	48¼	-¼
5	3⅛	ARX			12	58	4	3¾	3¾	-⅛
58⅛	38⅝	ASA	2.00	3.9	34	855	52	51¼	51⅜	+⅜
31⅞	25⅜	AbbotL	0.76	2.5	18	9386	30⅞	30¼	30⅝	+⅛
15¼	11⅜	Abitibi Pr	0.60	3.5	10	30	14¼	14¼	14¼	-⅛
23⅝	17¾	ABM Ind	0.52	2.6		21	20⅜	20⅛	20⅜	+⅛
15¾	11⅛	Acptncin			29	550	u16	15¾	16	+¼
31	22⅜	ACE Ltd x	0.44	1.8	31	967	25	24⅝	25	+⅜
12½	9⅝	ACM Gvt In x	1.09	11.4		140	9¾	d9⅝	9⅝	-⅛
10⅛	7	ACM GvOpp x	0.80	11.4		150	7	d7	7	-⅛
10⅝	7⅛	ACM Gvt Sp x	0.96	13.5		140	7¼	d7⅛	7⅛	-⅛
12	8⅜	ACM Gvt Sc x	1.09	13.1		357	8½	d8⅜	8⅜	-⅛
11¾	8¼	ACM Man x	1.08	12.9		136	8⅜	d8¼	8⅜	+⅛
9¼	8	ACM Managd x	0.72	8.6		165	8⅜	8⅛	8⅜	+⅛
15½	8¾	AcmeClv	0.44	3.3	16	174	13¼	12¾	13¼	+½
9⅞	6½	Acme Elect			8	16	9⅜	9⅛	9⅜	+⅛
28¾	23	Acordia	0.60	2.2	13	75	27¼	27⅛	27¼	-⅛
13¾	5¾	Actava	0.36	3.6	2	139	10¼	10	10	
17	11¼	Acuson			126	1679	16⅝	16½	16½	-⅛
18⅜	16½	Adams Expr	0.48	2.9	0	177	17	16¾	16¾	-⅜
64	46½	Ad Micro	3.00	5.7		348	54	53	53	-¾
31¾	18¾	AdvMic	3.00	12.2	10	9315	25½	24½	24½	-⅝
6⅞	5	Advest Grp	0.16	3.2	7	38	5⅛	d5	5	-⅛
20	15	Advo Inc x	0.10	0.6	115	59	17⅜	17⅛	17⅜	+¼
58½	49⅜	Aegon ADR	1.47	2.5	12	975	58¾	58¼	58¾	+1⅞
65¾	44⅝	AetnaL	2.76	5.9	7	2313	46⅞	46¼	46¾	+½
36⅛	25¼	Aflac	0.46	1.4	13	1130	32⅞	31⅞	32⅛	-½
22¾	16⅜	Ahmnsn	0.88	4.5	14	2631	19¾	19½	19⅝	
4	1⅜	Aileen Inc			1	15	2¼	2¼	2¼	-⅛
50⅜	38⅞	AirPrC x	0.88	2.2	24	1630	45	44½	44½	
39⅞	22⅞	Airbne Frt	0.30	1.3	13	1949	23¼	d22½	22⅞	
28½	18¾	Airgas Inc			46	198	26¾	26⅜	26¾	+⅛
17	14¾	Airlease x	1.84	11.6	12	38	15⅞	15⅝	15⅞	+¼
29⅜	21⅜	AirTch				7702	28	27½	28	+½
18⅞	13⅝	Alaska Air	0.20	1.3	22	1076	15	14⅞	14⅞	-⅛
21¼	16⅛	Albany Int	0.35	2.1	29	113	17⅛	17	17	
17⅝	13¾	Albanrl	0.20	1.4		132	14⅜	14¼	14⅜	-⅛
25⅛	19⅜	AlbCulB	0.28	1.2	15	29	22⅞	22¾	22¾	
22⅞	17¾	AlCulvr A	0.28	1.3	16	20	21½	21⅛	21⅜	+⅛
30⅞	25⅛	Albtsn	0.44	1.5	22	1785	28¾	28¼	28½	-⅛
27½	19¾	AlcnAl	0.30	1.2	69	2150	26	25⅝	25⅞	+⅛
65½	49½	AlcoSt	1.00	1.7	41	2219	59½	58¾	59⅜	+⅞
30⅛	23¼	AlexBrown	0.70	2.7	4	475	26⅝	26¼	26¼	-¼
22¾	14	AlexAl	0.10	0.5	115	234	19⅞	19⅝	19⅝	-¼
24⅞	17	Allegh Lud	0.48	2.3	19	751	21⅛	20¾	20⅞	-⅛
26½	19¾	AllegP	1.64	8.0	10	17708	20⅜	19⅞	20⅜	+⅜
22¼	13½	Allen Grp	0.16	0.8	16	277	20	19⅜	19¾	+¼
28	20	Allergan	0.44	1.8	15	249	25⅛	25	25⅛	+⅛
4⅛	13/16	AlFon			7	66	⅞	⅞	⅞	+1/16
27⅛	17¼	Allnce Cap	1.64	8.1	21	86	20⅜	20⅛	20¼	
10½	9	Allnce Gl x	0.18	1.9		31	9½	9⅜	9½	+⅛
27⅝	21½	All Irish	0.90	4.0	13	2100	22½	22½	22½	
40¾	33⅛	AldSig	0.67	2.0	7	5020	34¼	33⅞	34	+¼
11⅝	9¼	Allmer	0.84	9.1		14	9¼	d9¼	9¼	-⅛
28½	24	Alltel Crp	0.88	3.4	18	817	26¼	25⅞	26¼	+½
7	4⅜	Allwaste			25	1037	6⅝	6½	6⅝	+⅛
35	21¼	Alumax			11	3617	29⅞	29½	29½	-¼
87¾	64¾	Alcoa	1.60	1.9	130	4381	83⅞	82½	83¼	+½
30¾	19	Alza Cp A			36	3110	19⅞	19½	19½	+⅛
11⅛	7	AmGovInc x	0.96	13.2		799	7¼	d7	7¼	+¼
8¼	6¼	Am Precis	0.25	3.3	25	31	7½	7⅜	7½	+⅛
8¼	6⅛	AmaxGd	0.08	1.1	13	618	7½	7¼	7½	+¼
25⅞	20	Amcast Ind	0.52	2.4	14	285	22⅜	21¾	21¾	-⅞
52⅝	44	AmdaHs	0.60	1.3	47	912	45⅞	45⅝	45¾	
9⅞	8¾	Am Adj R x	0.24	2.7		98	8⅞	d8¾	8¾	
31	20½	Am Barrick	0.10	0.4	34	16670	25⅝	24⅞	25⅝	+⅝
37⅛	29⅝	AmBrnd	2.00	5.7	10	1089	35¼	35	35⅛	+⅛
25¾	18¾	Am Bus Prd	0.80	3.7	13	59	21⅝	21⅜	21½	-⅛
8	6⅝	Am Cap Inc	0.65	9.1		189	7⅛	7	7⅛	
20½	16⅝	Am Cap Bd	1.54	9.0	30	30	17¼	17	17⅛	+⅛
23½	18¼	Am Cap CV	1.08	5.7	0	77	18⅞	d18⅝	18⅞	
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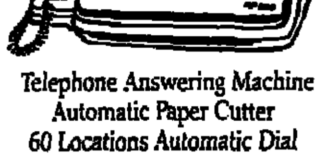

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4 pm close October 6

NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		Continued from previous page								
45	37¾	StPaul x	1.60	3.7	4	1894	41½	40½	41	+⅞
9⅞	5	Salant Crp			7	11	5¾	5¾	5¾	
49⅞	32	Sallie Mae	1.40	4.3	8	2324	33¼	32¼	32¼	-¼
13⅞	11⅞	Salomon Br	0.32	2.6		158	12¼	12	12⅛	
52¾	37⅝	Salomon	0.64	1.7	5	3356	38	d37⅝	37⅞	-⅝
25	17½	SnDgGE	1.52	8.1	10	403	19	18¾	18⅞	+⅛
10	7½	SantaFeERs	0.16	1.9	8	481	8¾	8⅝	8⅝	
17⅞	13½	SFeGd				30698	16⅛	15⅝	16	+⅜
40	31½	SantaFePac	2.80	8.5	15	25	33¼	33	33⅛	+¼
26¼	12⅛	SanFeP	0.10	0.7	79	1521	14⅞	13¾	13⅞	+⅜
25	19⅜	SaraLee	0.64	2.8	15	2703	22⅝	22⅜	22½	
50⅛	42⅛	Scana Corp	2.82	6.4	11	224	43⅞	43½	43¾	-⅛
20½	12½	Scecrp x	1.00	7.6	9	4855	13¼	13⅛	13⅛	
42	31¾	ScheringP			31	180	042	41⅝	41⅞	-⅛
72½	54½	SchrPl	2.04	2.9	18	4785	70⅞	69⅞	70	-⅝
63	50¾	Schlmb	1.20	2.2	22	3367	54⅞	54⅛	54¾	+½
33⅞	23¼	Schwab(C)	0.28	1.0	13	1238	28¼	28	28¼	
10¾	6⅛	Schwitzer			25	4	8¾	8¾	8¾	
22⅝	12	SciAtl	0.06	0.3	38	1258	19⅝	19⅛	19⅛	-½
16⅞	13	Scotsman x	0.10	0.6	14	22	15⅝	15½	15⅝	+⅛
66⅞	37¼	ScottP	0.80	1.3	16	3237	60⅞	60	60¾	+⅞
28⅝	18⅝	ScudderNAsF	0.21	0.9		41	23⅝	23½	23⅝	
12⅝	9⅜	ScudderNEuF	0.16	1.7		437	9½	d9⅜	9⅜	
18¼	13½	SeaCnB	0.70	4.4	7	4	15¾	15¾	15¾	-¼
16½	14⅞	SeaC1.4625	1.46	9.2		z100	15⅞	15⅞	15⅞	
32⅞	26¼	Seagrm	0.60	2.0	37	718	29¾	29½	29⅝	+⅛
29¾	22⅝	Seagull En			29	399	22¾	d22⅜	22½	-⅛
38¼	26⅝	Sealed Air			23	62	31⅜	30½	30¾	-¾

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		- X - Y - Z -								
53¼	40	Xtra Corp	0.56	1.1	22	51	50¼	50	50	-¼
25½	20	Yankee Egy	1.22	5.7	12	28	21⅝	21⅜	21⅜	-¼
42½	33⅞	York Int	0.16	0.4	20	1283	42⅛	41¼	41½	-⅝
5½	1	Zapata x	0.14	3.3		1081	4⅜	4¼	4¼	
13½	7	ZenthEl			5	841	11¼	11⅛	11⅛	-⅛
27⅞	20⅝	Zenith Nat	1.00	4.2	8	34	24⅛	23⅞	24	-⅛
7⅞	6⅝	Zenix Inc	0.83	12.3		108	6⅞	6¾	6¾	-⅛
16⅛	11⅝	Zero	0.40	3.2	15	41	13	12⅝	12⅝	-⅛
29¾	16⅞	Zurn Ind	0.88	4.7	16	37	19¼	18⅞	18⅞	
13⅞	11	Zweig Fund x	1.08	9.6		407	11¼	d10⅞	11¼	+1.21
10¾	8¼	Zweig Total x	0.84	10.0		294	8½	8⅜	8⅜	+.32

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close October 6

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Penобl	0.80	15	12	9¼	d9⅛	9¼	+⅛
PetHPwB	1.84	9	z0	0	d0	17⅝	
Phil LD	0.24	15	582	56⅝	56⅛	56⅝	+⅜
Pittway A	0.50	19	35	36¼	36⅛	36¼	+⅜
Ply Gem	0.12	29	210	22¾	22⅜	22⅜	-¼

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Champion		54	53	37½	37¼	37¼	-⅛
CircPh x	0.04	37	338	15	14¼	14⅝	-⅜
Cntrl FdA	0.01		116	5⅜	5¼	5⅜	
Cominco	0.30	100	11	18	18	18	+¼
Computrac		0	32	¾	11/16	¾	+1/16
HanDir		23	516	4	3⅞	4	+1/16
Hasbro	0.28	13	1256	29	28½	28⅞	+⅛
Health Ch		4	40	2⅞	2⅞	2⅞	
NVR		275	709	5⅝	5½	5½	
Olsten	0.24	45	258	36¼	35½	35⅝	-1⅛
Pegasus G	0.40	10	1779	15⅞	15½	15⅞	+¼
WIRET	1.12	17	259	12½	d12⅛	12¼	-⅛
Worthen	0.60	13	142	29⅛	28½	28⅞	+⅝
Xytronix		4	283	4⅛	4	4⅛	+1/16

NASDAQ NATIONAL MARKET

4 pm close October 6

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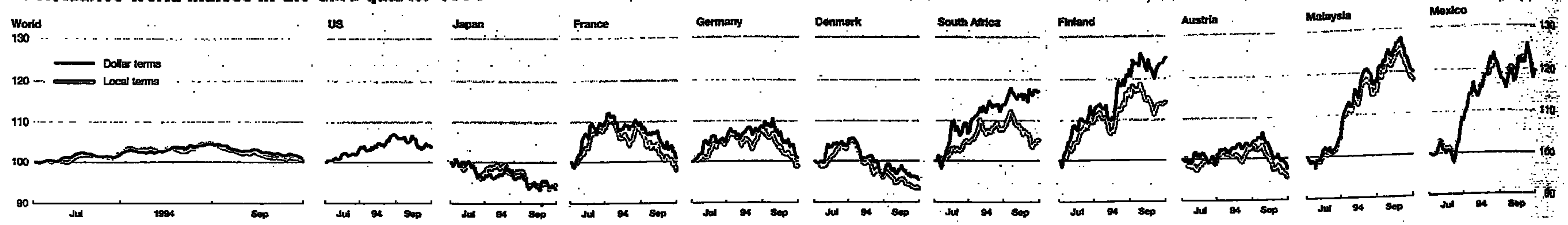

AMERICA

Dow meanders ahead of crucial jobs data

Wall Street

US share prices meandered in a narrow range yesterday morning as equity investors braced for today's crucial jobs data, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was off 0.33 at 3,787.67, while the more broadly based Standard & Poor's 500 was up 0.63 at 454.15. The American SE composite was 1.99 ahead at 453.10 and the Nasdaq composite added 1.03 at 747.31.

After two straight losing sessions, stocks opened weaker again, but soon limped back to their starting levels in uninspired trading.

No important economic news was released, and the bond market was taking a break from the long spell of turbulence which had driven prices lower in recent weeks.

But the charged atmosphere was expected to return with a vengeance this morning. With the Labor Department set to release its monthly report on the employment market, investors were calculating the odds of the Federal Reserve responding with a move to lift interest rates again.

Economists were expecting to see an increase in non-farm payrolls of about 250,000. If the gain was close to 300,000 – a figure which would indicate a spurt of economic activity – many thought it was likely that the Fed would act immediately.

But the news might not be as bad as some were fearing, judging from yesterday's second-tier reports. The Labor Department said that initial claims for unemployment benefit were up by 7,000 last week. Later, the Conference Board said that its index of help wanted advertising declined from July to August

Still, those numbers were not nearly persuasive enough to inspire investors. Most were reluctant to make fresh commitments before today's data. On the NYSE, declining issues were about level with advances by early afternoon, in lacklustre volume of 153m shares.

Among the Dow components, International Paper was one of the only ones which showed much movement, shedding $1 to $76¼. The loss was offset by a $1⅜ gain by Procter & Gamble, which was trading at $60¼.

The session was enlivened by the announcement of an attempt to derail an agreed merger between two big railways. Union Pacific dropped $2¼ to $14⅞ on the disclosure that it had filed a lawsuit seeking to require Santa Fe Pacific to entertain its rival merger offer. Santa Fe's share price jumped $2 to $14⅞ in the wake of the move, while Burlington Northern, its would-be partner, receded $⅞ to $48⅞.

The market was generally nonplussed by the release of monthly sales data by the leading retailers. Kmart receded $⅜ to $16⅞. Sales in stores opened at least a year were up a tepid 2.8 per cent, and the company warned of a decline in third-quarter earnings.

On the Nasdaq, Apple Computer gave back $1¼ to $36⅞ in heavy volume of 3.5m shares. The stock had jumped in the previous session on speculation that Motorola was interested in acquiring the company.

Canada

Toronto traded higher in mid-day trade as buyers went bargain hunting following the market's weakness in recent days. All 14 sub-indices posted gains, led by strength in gold, consumer products and transportation.

The TSE 300 index rose 22.11 to 4,275.47 at noon in volume of 31.7m shares. Fears of rising interest rates had pulled the index down by a total of 100 points in the previous three days.

Gold and precious metals led gains, rising 1.1 per cent. Placer Dome picked up C$⅜ to C$23⅜ and American Barrick rose C$⅛ to C$34⅜.

SOUTH AFRICA

Johannesburg extended recent losses in slow, lacklustre trade as the market remained under pressure from a soft bullion price and reduced speculation about an imminent scrapping of the financial rand.

The gold shares index declined 36 to 2,330, industrials finished the day unchanged at 6,271 and the overall index shed 21 to 5,595.

EUROPE

Bourses in limited technical recovery

Mr Edmond Alphandery, the French economy minister, did his bit for bourses yesterday, saying that he saw room for a rebound, *writes Our Markets Staff.*

At Wednesday's close, the Paris CAC 40 index was at a low for the year, and down by 20 per cent from its 1994 high, and Mr Alphandery could see no repeat now of the October 1987 stock market crash.

PARIS bounced a little after Wednesday's 1994 low but it put in less of a recovery, with the CAC 40 index just 9.66 higher at 1,843.38, than it did from a similar position on Tuesday. Turnover fell to FFr2.64bn as a demonstration against the Renault privatisation disrupted trading on the Matif and Monep exchanges.

Significant moves tended to be downwards. Saint Gobain fell FFr6 to FFr612 as its chairman, Mr Jean-Louis Beffa, was questioned again by a judge looking into corruption allegations. Bouygues, the construction group whose consortium won France's third mobile telephone licence this week, fell FFr18 to FFr569 on plans for a rights issue.

M6-Metropole Television, introduced to the market last Thursday, dipped FFr3 to FFr307 after fund managers filled their requirements. Chargeurs, the textile company, came back FFr29 to FFr1,284 after it said that its stake in BSkyB would not be materially altered by the flotation of the British satellite broadcaster.

However, Damart, the thermal clothing supplier, rose FFr290 to FFr6,040 after results which, lacking comparisons due to a change in the year-end, indicated a 7.1 per cent rise in turnover "at constant structure" for the year to June.

FRANKFURT registered a new 1994 closing low on the official session at 1,961.03, down 7.69. But the real measure of the day was in the post bourse where the Ibis-indicated Dax hit bottom at 1,930.55 on Wednesday, and closed yesterday 18.92 higher at 1,965.41.

In that period Volkswagen rose DM9 to DM434.30, and foreign interest was noted. However, turnover fell from DM7.5bn to DM6.4bn and the index reaction looked strictly technical.

West German industrial orders fell 2.2 per cent in August from July and were up 6.4 per cent from a year ago. Economists said that the slowdown was not a danger sign for the economy.

Mr Reinhard Fischer, a partner in Research Vision, was less sanguine in one sense, saying that, of the building blocks of the economy, neither consumption nor investment in new equipment were pointing to a robust recovery yet.

Exports were looking good, he acknowledged, but the weakness of the dollar put a question mark over profitability in that area. He did say that this different quality of growth could allow the Bundesbank some leeway to reduce interest rates further after the German general election.

ZURICH finished slightly firmer on futures-related short-covering after weaker futures put the market under pressure. The SMI index closed 4.4 higher at 2,484.8, up from an intraday low of 2,473.

Activity focused on insurers, with Swiss Re up SFr23 to SFr688 on foreign demand in the wake of its announcement of a new corporate strategy and the sale of its direct insurance businesses.

Second-line insurers benefited from takeover speculation, with Baloise moving up SFr120 to SFr2,595 and Elvia adding SFr70 at SFr3,620.

Among cylicals, Motor-Columbus jumped SFr170 to SFr1,850 on speculation that a decision by UBS to sell its stake of more than 50 per cent was imminent.

Holderbank finished SFr3 firmer at SFr953, off a high of SFr970, after Bank Julius Baer raised its 1994 earnings estimate to SFr63.7 per share from SFr60 and its 1995 estimate to SFr86.3 a share from SFr75.

MILAN saw a technical rebound after Wednesday's 2.4 per cent fall, and the Comit index picked up 5.03 to 646.97, bringing a five-day slide to a halt. However, worries about the continuing row between the government and anti-corruption magistrates continued to act as a disincentive, particularly to foreign investors.

Benetton picked up L86 to L19,343 after the 13.1 per cent fall of the previous four sessions, following last week's disappointing results. Merrill Lynch reiterated its positive recommendation on the stock, encouraging investors to exploit the current price weakness and buy. It said that Benetton remained the only larger apparel retailer with a real global presence and the company was successfully diversifying and upgrading its product mix. Its price policy had enabled the company aggressively to increase market share and there was further room to reduce costs.

AMSTERDAM saw thin, volatile trade which took the AEX index 0.65 higher to 390.78.

VNU dropped Fl 5.10 to Fl 173.50 amid concerns that a new commercial television station, to be launched in the Netherlands, might put pressure on the market share of VNU's television affiliates.

Elsevier erased Wednesday's sharp losses in heavy trade, as investors reversed their negative reaction to the purchase of a US data bank. Elsevier rose 90 cents or 5.6 per cent to Fl 17, having fallen 3.5 per cent on Wednesday as dealers expressed doubts over the $1.5bn it had paid Mead Corp's Lexis-Nexis operation.

WARSAW's recovery stalled, with the Wig index virtually unchanged at 9,902.4, but the newly listed construction company ESPEBEPE surged 125 per cent from its issue price to 340,000 zlotys on its first day on the main market. However, the new issue boosted the company's share capital 10-fold and it was criticised for advertising, in these circumstances, based on its historical average price/earnings ratio.

FT-SE Actuaries Share Indices

Oct 6						THE EUROPEAN SERIES		
Hourly changes	Open	11.00	11.30	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1295.82	1296.25	1295.03	1292.93	1290.53	1290.86	1288.62	1290.84
FT-SE Eurotrack 200	1348.71	1348.92	1346.87	1345.57	1344.17	1344.34	1342.76	1345.42

	Oct 5	Oct 4	Oct 3	Sep 30	Sep 29
FT-SE Eurotrack 100	1286.48	1312.97	1309.82	1318.93	1330.58
FT-SE Eurotrack 200	1335.96	1360.61	1357.66	1359.89	1375.17

Base 1000 (26/10/90); Highday: 100 - 1296.76; 200 - 1349.52 Lowday: 100 - 1288.45 200 - 1342.33 † Partial

Stora and MoDo, two of Sweden's leading forestry groups, fell heavily yesterday on plans for big investments in new capacity, ***writes Christopher Brown-Humes in Stockholm.***

MoDo, which is considering a SKr2.1bn investment in a 270,000 tonnes per year newsprint machine at Braviken, saw its "B" shares weaken SKr16 to SKr325.

Stora fell SKr9 to SKr417 as it began design work on a new 290,000 tonnes per year board machine. This investment would cost around SKr2.8bn.

These are the two biggest investment projects to emerge from the Swedish pulp and paper industry this year.

The market took fright because the severe downturn in the pulp and paper cycle in 1991 and 1992 was caused by overcapacity, not by a drop in demand.

There are fears that the current upturn could also be wrecked if too many companies order new equipment. The market is also worried about dividend prospects and – in MoDo's case – about a possible rights issue.

The forestry index fell 1.73 per cent to 1,424.54, against an overall 0.2 per cent decline in the Stockholm bourse.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Taipei down 4.2% on default case

Tokyo

Share prices lost ground on small-lot arbitrage selling as public fund managers, which supported prices on Wednesday, held the sidelines, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average shed 96.32 to 19,655.23 after a day's high of 19,748.45 in the morning and a subsequent low of 19,645.43. Volume was 203m shares, against 197m. Most investors were reluctant to build positions ahead of the three-day weekend.

The Topix index of all first section stocks closed 5.78 down at 1,576.27 and the Nikkei 300 lost 1.09 at 288.80. Falls led gains by 659 to 328, with 191 issues steady. But in London the ISE/Nikkei 50 index improved 2.30 to 1,299.90.

Lingering doubts over Japan Tobacco also weighed on investor confidence. Although the offer was oversubscribed, successful applicants who won the lottery for shares might let their applications lapse by not paying for their JT stock by the deadline next Tuesday.

Some Japanese brokers expect as many as 30 to 40 per cent of the successful applicants to abstain. Any stock which becomes available as a result of lapsed applications will be reallocated to applicants rejected in the first round, and this will be announced next Friday.

The second round applicants have until October 19 to pay, and any left-over stock as a result of lapsed second-round applications may be offered into the secondary market by the government on October 27, the listing date.

Japan Telecom, regarded as a benchmark of investor confidence in former state-owned companies, slipped Y130,000 to Y4.01m. It rallied on Wednesday on active buying by brokers looking to prop up waning interest in Japan Tobacco.

In Osaka the OSE average rose 20.81 to 21,990.09 in volume of 8.7m shares.

Roundup

Australia and Hong Kong were inclined to wait for today's US jobs data; other markets had more parochial considerations.

TAIPEI was sharply lower for a second straight day, losing 4.2 per cent in active trade as the Hualon Group's payment defaults case continued to dominate activity.

The weighted index ended 291.27 points down at 6,653.32 in active turnover of T$70.20bn, having fallen 3.3 per cent on Wednesday.

At least 15 Taiwanese brokerages, including two units owned by Hualon, were involved in the payment defaults totalling T$2.6bn in the previous three days, according to the Securities and Exchange Commission. Hualon Corp plunged the daily 7 per cent limit for the second day, shedding T$1.7 to T$22.9.

SINGAPORE fell 2.0 per cent, led by losses in blue chips as institutional investors succumbed to concerns on Wall Street. The Straits Times Industrial index closed 47.52 points lower at 2,333.31.

Singapore Airline foreign shares dived S$1.30 to S$13.70 on news that it will cut published fares for 33 destinations.

SHANGHAI's A share index dropped 6.8 per cent amid persistent, renewed rumours that China's leader Deng Xiaoping was seriously ill. The index gave up 48.81 at 674.56, falling below support at 700, in reduced turnover of Yn2.9bn. The B share index, of shares available to foreigners, dipped 1.02 or 1.3 per cent to 78.63.

WELLINGTON continued lower for the third consecutive day, with interest rate worries leaving shares 1.8 per cent down. The NZSE-40 capital index finished 36.86 weaker at 1,998.16.

SEOUL followed an early spurt in banking and low price/earnings ratio stocks with broadly based buying, and the composite index moved ahead 12.64 to a new 1994 high of 1,069.93. In banks, Shinhan climbed Won800 to a record Won19,800 and Korea Long-Term went the day's limit up, Won1,000, to Won25,600.

JAKARTA's official index ended 7.82 higher at 511.46 after investors bought a range of high-capitalisation stocks.

BOMBAY saw sustained buying on expectations of a favourable credit policy being announced on Monday week, the BSE 30-share index advancing 29.44 to 4,379.49.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 5 1994								TUESDAY OCTOBER 4 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	166.42	-1.0	155.44	104.64	133.47	149.66	-1.1	3.71	168.05	157.84	105.90	135.59	151.25	189.15	146.22	146.22
Austria (18)	180.65	-0.3	168.73	113.59	144.88	144.81	-0.8	1.11	181.16	170.15	114.16	146.16	146.06	198.89	167.46	173.65
Belgium (37)	162.32	-1.0	151.61	102.06	130.18	127.07	-1.5	4.34	163.92	153.96	103.30	132.26	129.02	177.04	149.33	149.68
Canada (103)	134.50	-0.7	125.63	84.57	107.87	131.29	-0.5	2.56	135.48	127.24	85.37	109.31	131.88	145.31	120.54	122.23
Denmark (33)	243.37	-1.8	227.31	153.02	195.17	200.13	-2.3	1.48	247.99	232.92	156.27	200.08	204.89	275.79	230.27	230.98
Finland (24)	181.57	-0.5	169.59	114.16	145.61	182.71	-0.6	0.77	182.38	171.29	114.93	147.15	183.86	182.38	115.42	115.42
France (101)	162.04	-1.6	151.35	101.88	129.95	134.00	-2.1	3.23	164.73	164.72	103.80	132.91	136.92	185.37	158.34	171.40
Germany (58)	135.59	-0.8	126.64	85.25	108.74	108.74	-1.4	1.89	136.65	128.36	86.11	110.25	110.25	150.40	126.37	131.45
Hong Kong (56)	383.02	-2.1	357.75	240.83	307.18	380.00	-2.1	3.20	391.43	367.64	246.66	315.82	388.34	506.58	312.06	312.06
Ireland (14)	201.12	-0.5	187.85	126.46	161.30	180.54	-1.0	3.54	202.05	189.77	127.33	163.02	182.41	216.60	171.40	172.65
Italy (59)	79.12	-3.0	73.90	49.75	63.46	92.60	-2.9	1.67	81.59	76.63	51.41	65.83	95.33	97.78	57.88	73.83
Japan (468)	159.60	1.0	149.08	100.35	128.00	100.35	0.7	0.76	158.09	148.48	99.62	127.56	99.62	170.10	124.54	153.83
Malaysia (97)	563.33	0.9	526.17	354.21	451.79	656.39	0.9	1.51	558.40	524.47	351.88	450.54	661.54	621.63	423.51	423.51
Mexico (18)	2217.41	-0.7	2071.11	1394.22	1778.31	8368.41	-0.5	1.24	2231.90	2096.23	1406.43	1800.72	8312.68	2647.08	1674.01	1678.63
Netherland (19)	206.11	-1.2	192.51	123.59	165.30	162.53	-1.8	3.55	208.71	196.03	131.52	168.40	165.56	218.19	187.01	188.48
New Zealand (14)	71.58	-0.9	66.86	45.01	57.41	63.00	-0.8	3.86	72.23	67.84	45.52	58.28	63.59	77.59	59.22	60.11
Norway (23)	196.50	-0.9	183.53	123.55	157.59	179.41	-1.4	1.84	198.27	186.22	124.94	159.96	181.95	211.74	165.52	175.46
Singapore (44)	393.12	1.2	367.18	247.18	315.28	266.99	0.7	1.58	388.56	364.94	244.65	313.60	265.11	393.12	294.66	305.80
South Africa (59)	311.90	-0.7	291.33	196.11	250.14	287.69	-0.7	2.23	314.16	295.07	197.97	253.47	289.77	314.24	202.72	204.05
Spain (38)	135.83	-1.6	126.87	85.40	108.93	131.68	-2.0	4.21	138.02	129.63	86.97	111.35	134.36	155.79	128.88	137.53
Sweden (36)	219.86	-1.3	205.38	138.26	176.35	240.48	-1.5	1.66	222.85	209.31	140.43	179.81	244.09	231.35	175.83	193.81
Switzerland (47)	160.26	-0.8	149.69	100.76	128.52	127.02	-1.5	1.91	161.28	151.48	101.63	130.12	128.93	176.56	142.86	142.86
United Kingdom (204)	191.02	-0.8	178.42	120.11	153.20	178.42	-1.4	4.26	192.67	180.96	121.41	155.45	180.96	214.96	181.11	190.22
USA (515)	185.26	-0.3	173.04	116.48	148.57	185.26	-0.3	2.93	185.78	174.48	117.07	149.89	185.78	196.04	178.85	188.44
EUROPE (709)	165.16	-1.1	154.26	103.84	132.45	145.27	-1.6	3.19	167.05	156.90	105.27	134.78	147.70	178.58	154.79	160.05
Nordic (116)	214.85	-1.3	200.67	135.09	172.30	200.93	-1.5	1.47	217.59	204.37	137.12	175.56	203.99	222.18	173.18	183.27
Pacific Basin (747)	169.06	0.7	157.91	106.30	135.59	111.08	0.5	1.09	167.91	157.71	105.81	135.48	110.55	176.86	134.79	158.14
Euro-Pacific (1456)	167.29	-0.1	156.25	105.18	134.16	125.01	-0.4	1.97	167.43	157.25	105.51	135.08	125.53	175.14	143.88	158.41
North America (618)	182.10	-0.3	170.09	114.50	146.04	181.52	-0.3	2.92	182.66	171.55	115.10	147.38	182.04	192.73	175.67	184.35
Europe Ex. UK (505)	147.69	-1.3	137.95	92.86	118.45	125.65	-1.8	2.56	149.64	140.54	94.30	120.79	127.94	158.12	135.94	140.73
Pacific Ex. Japan (279)	260.82	-0.8	243.62	164.00	209.18	232.01	-0.8	2.80	262.82	246.85	165.62	212.05	233.97	296.21	211.19	211.19
World Ex. US (1636)	169.18	-0.1	158.02	106.37	135.68	128.75	-0.4	1.98	169.38	159.09	106.74	136.66	129.30	176.65	146.58	159.55
World Ex. UK (1947)	171.80	-0.1	160.46	108.02	137.78	142.95	-0.3	2.11	171.98	161.52	108.37	138.76	143.32	178.59	155.96	166.05
World Ex. So. Af. (2092)	172.62	-0.2	161.23	108.54	138.44	145.19	-0.4	2.31	172.91	162.40	108.96	139.51	145.72	180.03	158.54	168.05
World Ex. Japan (1683)	182.99	-0.7	170.92	115.06	146.75	172.89	-0.8	2.97	184.20	173.00	116.07	148.61	174.36	195.20	176.34	177.74
The World Index (2151)	173.51	-0.2	162.06	109.09	139.15	146.24	-0.4	2.31	173.81	163.25	109.53	140.23	146.78	180.60	158.85	166.18

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Please note: A final list of constituents for the FT-AWI Large & Medium-Small Cap Indices is now available from NatWest Securities Limited and Goldman, Sachs & Co. Latest prices unavailable for this edition.

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October, 1994

RECRUITMENT

JOBS: the use of psychoanalytical techniques for those seeking a new career direction

Zen and the art of finding a true vocation

You had to feel sorry for Dermot. As much as he looked at the ceiling or closed his eyes and tried to blot out the surroundings he could not secure an image. His mind was blank.

"I can't see anything at all," he confessed. Dermot was lying on a blanket in a room with eight other people variously lying or sitting staring into space. Had this been a forest in California with men in lumberjack shirts pounding tom toms in a male bonding session it might have been more readily explained.

But this was a mixed group of men and women – English to boot – on a floor of the building that houses one of the world's biggest accountancy firms. Outside in the City of London people were making money, doing deals, catching cabs.

Inside, sandwiched between the upper and lower floors of the Farringdon Street accountancy offices of KPMG Peat Marwick, its career consultancy arm was running a visioning workshop, one of the more ethereal sides of outplacement.

Outplacement, the structured approach to helping people in redundancy programmes to find new jobs, is also designed to enable people to come to terms with their job loss. A trend in the US which has now become established in the UK has been to develop visioning courses designed to enable people to think more deeply about their work and discover what they really want to do in life.

Psychologists at KPMG Career Consultants have evolved a series of visioning sessions that use self-awareness processes, drawing on Zen Buddhism and meditation techniques. If this sounds like a throwback to the 1960s it might explain why visioning is proving popular with the "thirty and forty somethings".

Take Dermot, for example. Aged about 40 and married to a successful medical consultant, he had worked as an accountant for the same company for 17 years when he was given the opportunity to take voluntary redundancy.

"My job became redundant. I was offered another position in the company but didn't want it." He and his wife had made a conscious decision as a couple, he said, that her job would come first. Her earnings and his redundancy package had offered him the luxury of taking time to consider what he wanted to do next.

Since giving up his job he had completed an MBA course and now wanted to discover a personal goal. "I want to build my own vision," he said. Sadly, it was proving difficult.

Dermot was lying on the blanket, undergoing a guided imagery session. This is where the consultant running the group asks those present to expel all thoughts from their minds and concentrate on a particular image – in this case it was a rose.

We were asked to think of the petals opening and to imagine something coming out of the middle. What was it and how did we react to it? Poor Dermot just wasn't receiving anything.

While some people were seeing blue roses, roses with spiral staircases going down their stems or with women coming out of them, Dermot confessed that he saw "nothing at all. It was too much effort to create a picture," he said.

This was a morning session. Fortunately for Dermot the afternoon involved less creative thought and he did finally get the hang of it. Clients were asked to list key events in their past, something which they considered an important stepping stone in their life, and then to analyse the circumstances that led up to the event and its outcome. From that they were asked to sift out two or three important points which brought about the change.

Another exercise was for participants to imagine themselves a year on, having lunch with a friend or colleague and discussing particular achievements that year.

Some of this, conceded David Royston-Lee, the consultant running the session, might be regarded as airy fairy but those who have attended such courses tend to be positive about their benefits.

Patricia Manning, former marketing director of Mothercare, the Storehouse chain, who is currently on an outplacement course at KPMG, said: "I thought when I went in that if this was going to be one of those feel-good days I didn't want to know, because I don't feel bad. In fact I found it very useful."

Coming from a solid corporate background, she is about to make a big career change by setting up in business as a management and marketing consultant.

"One thing you do in the sessions is to look back at the most important parts of your corporate past and draw out from them the things that are going to be at the core of your own consultancy. That is difficult to do sometimes on your own."

Manning, a Californian who has lived in the UK for 16 years, said that people seemed to value the opportunity to take some time out of their life and look back at it in an environment where in-bred or company inspired self-restraint is absent.

"For the British that's a difficult thing to do but there was no holding back in our session," she added.

One outcome was that everyone finished the day firm friends because they all knew so much about each other.

The sessions tend to expose suppressed career longings. One bank executive confessed that he had always wanted to be a lion-tamer. While there were obvious practical difficulties in achieving this ambition, the counsellors drew out qualities from the job – in this case, perhaps, it was controlling a dangerous situation – and helped him to apply it to a career where this ability was required.

David Royston-Leesaid that he often comes across people in well-paid jobs who are frustrated because they really want to do something else but which they know pays much less than they can earn in their chosen career.

He recalled a conveyancing lawyer who wanted to be an opera singer but knew it would not pay for the upkeep of his wife and family. His personal crisis had been caused by a fall-off in the work that had been earning him £150,000 a year.

He is now in the chorus of a London operatic company, having at least partially fulfilled his ambition. The visioning did not solve his money problems but it did make him realise that there was something that mattered more to him than his day job in terms of personal satisfaction and that if he organised himself he could do both.

"Many of us have something we want to do but find that it is too big a leap. What we don't always see is that there are stepping stones to making these things happen," said Royston-Lee. "There is a hell of a lot of guilt around in terms of doing what we feel we should do and not what we want to do. The visioning day simply says that it's OK to be selfish sometimes."

Such therapy, once the preserve of Hollywood film stars, is becoming increasingly available in companies. Jo Ouston, a former head of advisory services at the Institute of Management, now an independent career management consultant, has developed a series of techniques, including the use of guided imagery and transactional analysis, a method developed in the late 1950s by US psychologist Eric Berne.

Ouston offers a series of structured courses at her consultancy or can go into companies to help solve a problem.

These are often associated with an individual who may have found himself in the wrong job or who is not sure what the company requires of him.

"These people are sometimes valued by the company but difficult to manage. It is often the rebels I'm dealing with, which I like because they are often the most interesting people," she said.

Jo Ouston is based at 51/52 Keyes House, Dolphin Square, London SW1V 3LX, tel 071 821 8299.

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EARLY WARNINGS
Senior Executive

The Early Warnings Unit at the Securities and Investments Board (SIB) aims to identify potential new hazards to investors and ensure that issues arising are properly resolved. A key senior position is currently vacant in this important new area.

The responsibilities include:
- ensuring the unit can provide a rapid and expert response to new hazards;
- managing the established procedures for identifying "early warnings" and for communication and co-ordination of action with other regulators and ensuring these are developed and refined to deal with new challenges;
- carrying out and managing research both for policy development and for responses to specific hazards;
- analysing and assessing information, in order to make and implement specific recommendations for dealing with new hazards;
- liaising with regulators, the industry and others to ensure the unit is always up to date and well informed.

Candidates should be of graduate calibre and have a good understanding of the financial services industry and regulatory issues through previous employment.

They should have excellent management and communication skills, a logical and enquiring mind, a proactive and flexible approach, the ability to assimilate complex material, identify relevant issues and produce a concise and coherent recommendations.

Interested candidates should contact **Anna Williams** for an information pack quoting reference 204502, at Michael Page City, 39-41 Parker Street, London, WC2B 5LH. Telephone 071 831 2000. Closing date 17th October.

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The ideal candidate will be aged early 30's, with at least 3 years' directly relevant middle office experience, including in-depth exposure to derivative products and appropriate risk management procedures. Technical understanding of valuation and pricing models and Value at Risk methodology must be complemented by personal qualities such as credibility at senior level and a high level of initiative.

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Our client is one of the most successful merchant banks in the City with an unrivalled reputation in the emerging markets. With a dynamic and aggressive approach to developing its business on a global basis, and as a result of continuing growth, a requirement has arisen for a Senior Credit Analyst in the Corporate Credit Department.

As a senior member of the team, you will be responsible for many of the highest risk transactions and will gain managerial experience. The team covers all capital transactions throughout Europe, the Middle East and Africa's financial institutions.

Ideally you should have the following background:
- Minimum 2-5 years credit experience. Preferably analysing financial institutions.
- University education.
- Experience from investment/merchant bank, commercial banks (credit trained) and relevant agencies/regulating bodies.

The following skills would also be considered an advantage:
- Some experience in emerging markets particularly in the Middle East, Eastern Europe, South America and Africa.
- Language ability – especially Italian, Spanish and Portuguese.
- Knowledge of capital market products and the risks involved, particularly derivatives.
- Ability to structure high risk capital market transactions to reduce risk to the firm, while still enabling the deals to be completed.

Interested candidates should contact Sara Kenderdine-Davies on Tel: 071 256 5849. City Senior Division, Accountancy Personnel, 36-44 Moorgate, London EC2R 6EL. Fax: 071 638 7509.

Hays

TREASURY MANAGER

c£40,000 + bonus + car + benefits package

Sun Alliance Investment Management Limited is the investment arm of the Sun Alliance Group - one of the UK's largest composite insurance companies.

The company is seeking to strengthen the Treasury Desk by appointing a Treasury Manager. Reporting to the Senior Treasury Manager and Director the successful applicant will make recommendations on policy and strategy regarding hedging interest rate and foreign exchange risk by using a range of conventional and derivative instruments.

In addition, the Treasury Manager is also responsible for a small team which manages the dealing operations in the money markets for both short term assets and debt issurance and the foreign exchange exposure of a diversified Group.

This is an excellent opportunity for someone looking for a role offering greater responsibility.

The ideal applicant should have a solid contact base in the money, foreign exchange and derivative markets, and be able to demonstrate a successful track record of results by using an original and creative approach. Sound judgement in decision making and analytical skills are vital along with an innovative problem solving ability.

In order to meet our requirements it is likely that the candidate will be a graduate with around 7 years' corporate or financial treasury experience. In addition, a relevant professional qualification would be an advantage.

Please send your CV and a covering letter stating your current benefits package and highlighting any significant achievements which may demonstrate your suitability for this position to: Susan Sims, Group Personnel, Sun Alliance Group, 1 Bartholomew Lane, London EC2N 2AB. Tel: 071-588 2345 ext 1828.

SUN ALLIANCE
INVESTMENT MANAGEMENT

Placing City People First

Jonathan Wren has been appointed the "recommended supplier" of recruitment services to members of The London Banks' Personnel Management Group. Members will benefit from a number of features including a preferential fee structure.

The LBPMG represents over 300 financial institutions and provides a networking forum for HR people in its member organisations; it assists in the professional development of HR staff; and provides training and other services to its members.

HR professionals who are not yet members of this group but who are interested in joining should contact Carmel Silverosa or Ros Winder at the Group's offices at 10, Lombard Street, London EC3V 9EL, or telephone on 071-623 6092.

Employers or applicants with enquiries about Jonathan Wren's recruitment services should contact Ron Bradley, Brian Jarvis, Lindsey Morgan or Roger Steare at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel: 071-623 1266 Fax: 071-626 5258

JONATHAN WREN

To Six Figure Package *Major Corporate Pension Fund* *West End*

Fund Manager - UK Equities

Excellent opportunity for an experienced UK fund manager to join a small, autonomous in-house team that manages substantial pension fund assets for a household blue-chip corporate name. The investment philosophy is driven by a fundamental long-term approach and considerable emphasis is placed on meeting investee companies. Career prospects and working conditions are excellent, demonstrated by the longevity of service of the existing team.

THE ROLE

- Take full responsibility for discretionary management of significant funds invested in the UK market and play a key liaison and advisory role with associated overseas offices.
- Make a significant contribution to overall asset allocation across international equity markets and fixed income and add a further dimension to the firm's deep knowledge of UK companies.
- Play an important role in the development of future strategy for the management of the pension fund as part of a small, close-knit team.

THE QUALIFICATIONS

- Proven UK fund manager aged 30 to 40, with a minimum of ten years' experience in a blue-chip investment institution and a sound performance record
- Confident of own convictions, capable of making important investment decisions without supervision and ready to set own agenda.
- Mature, collegiate approach, capable of working in a non-hierarchical structure noted for its discreet profile.

Leeds 0632 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref F70051O4L,
16 Connaught Place,
London W2 2ED

Deputy Group Compliance Officer

A superb opportunity within a leading investment group

Our client is a high profile British investment holding company with extensive interests in investment management, corporate finance and securities trading.

With the business steadily expanding the need has arisen for a Deputy Group Compliance Officer. This individual will join an existing team and will have responsibility for day to day compliance in London. Specifically this will include: liaison with the regulatory bodies-IMRO and SFA; developing and documenting compliance procedures; providing advice and guidance to all business areas on regulatory issues, and ensuring the continuing education of staff in compliance matters.

The successful applicant should be of graduate calibre preferably with a professional qualification. They must have had hands-on compliance experience with good working knowledge of the rules and regulations of IMRO and ideally the SFA. Candidates will possess a high degree of competence and will demonstrate proven management skills, confidence and diplomacy.

This position will be particularly attractive to talented and motivated individuals who wish to pursue their career with a highly regarded institution.

Remuneration and benefits are negotiable for the right candidate.

Interested applicants should contact **Anna Williams** at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH**, quoting reference 205256, or alternatively telephone 071 831 2000 for an initial discussion.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

COMPANY SECRETARY

Stakis plc is one of Scotland's most exciting companies. In the last 12 months they have made three acquisitions and had a highly successful rights issue. With constantly improving profitability due to clear strategy and strong team based management, the shares are now well supported in the City.

We now seek to recruit a qualified Company Secretary with a minimum of 5 years' experience as Secretary of a major company or possibly 'No. 2' in a quoted plc. Reporting to the Chairman and the Chief Executive, with a highly capable and long serving assistant supporting you, your role would be to ensure the company conforms to all legislative and reporting requirements of the Stock Exchange, Companies Acts, Cadbury Report and to be the liaison with the external legal advisors. You will work with the Executive in this fast-moving consumer led company and therefore must have an enthusiasm for and empathy with these markets.

This role will attract highly capable Company Secretaries who wish to develop their management experience and work in an exciting company on its way back to the top of its sector. The remuneration package will include a generous salary, performance related bonus, share options and car plus relocation assistance to the West of Scotland if appropriate.

To apply, please write with full career details and quoting salary requirements to: **PA Consulting Group,** Number Two Blythswood Square, Glasgow, G2 4AD. Quoting ref: **7416/DK/FT.**

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JOHNSON FRY
ASSET MANAGERS PLC

Manager - UK Private Client Department

Location: London West End **Salary: £ Negotiable**

Johnson Fry Asset Managers PLC, the investment management subsidiary of the Johnson Fry Group, has expanded rapidly in recent years. The management of Private Client portfolios has formed a significant part of that growth and we have now reached the point where the future development of this activity needs its own plans and resources.

We are looking for a capable and experienced investment manager, someone aged 30+, who will be expected to spearhead the development of the department and to participate actively in the promotion of its services to the Group's retail outlets and independent advisers. Applicants should write to the undersigned enclosing details of career to date and current remuneration.

David R Franklin
Managing Director
Johnson Fry Asset Managers Plc
20 Regent Street
London SW1Y 4PZ

INTERNATIONAL M&A SPECIALISTS

London Based **Highly Competitive Package**

Broadview Associates is the leading M&A advisor to the global information technology industry. Our clients are active in communications and computer hardware, software and services, and the emerging multimedia markets. With offices based in London, and on the East and West Coasts of the USA, Broadview has completed over 200 IT transactions in the last five years.

To serve our growing client base throughout Europe, we are looking for high quality candidates at each level of our organisation:

- Senior level candidates will have at least 3-5 years experience within the M&A/Corporate Finance Department of an international investment bank or financial advisory firm. These candidates should be competent in managing and executing all aspects of a transaction.
- Junior level candidates will have at least one year of experience within the M&A/Corporate Finance Department of either an international investment bank, a strategy consultant or a company involved in the information technology industry.

All candidates should be able to demonstrate:

- A first class professional and academic background, preferably with an MBA or equivalent qualification.
- Fluent written and spoken English, preferably with fluency in at least one other European language.

As the leading player in its marketplace, Broadview offers an exceptional opportunity to join a rapidly growing organisation.

If you would like to meet with us, please send your personal career details to Patrick Seely, Principal, Broadview Associates, 55 Drury Lane, London WC2B 5SQ. No phone calls please.

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The Information Technology Mergers & Acquisitions Adviser
■ LONDON ■ FORT LEE (NJ) ■ REDWOOD CITY (CA)

APPOINTMENTS WANTED

GLOBAL ECONOMIST AND STRATEGIST

Well versed in emerging markets, country, sector, risk analysis, and investment management. Bilingual (French), pro-active, good team player. Seeks London-based opportunities.

Please reply to Box A2140, Financial Times, One Southwark Bridge, London SE1 9HL

The Top Opportunities Section
For senior management positions. For information call:
Philip Wrigley
+44 71 873 3351

INTERNATIONAL EQUITY DEALER

Become Deputy Head of Dealing with a leading US firm of Fund Managers.

If you have 3-5 years' international equity trading and settlement experience, here is a chance for you to take on more responsibility and become Deputy Leader of a small team.

The firm is one of the largest managers of American pension funds and is responsible for investments in excess of $30 billion. The London office deals with all of the international portion of funds, investing in the major markets of Europe and the Far East, but not the US.

Reporting to the Senior Equity Dealer you will be responsible for deciding method and timing of transactions as well as selection of trading counterparts. You will liaise closely with fund managers to provide commentary on market tone and direction. In the absence of the Senior Equity Dealer you will take charge of all transactions and other team members.

You should have an investment management or banking background and a knowledge of international stock exchanges and trading conditions, supported by experience of portfolio administration.

We offer a competitive remuneration package and the chance to take the next step up in your career, with a professional specialist fund management company. To apply, please write to

Ann S Jones, John Sears & Associates,
2 Queen Anne's Gate Buildings,
Dartmouth Street, London SW1H 9BP.
Tel: 071-222 7733 or Fax: 071-222 3445.

John Sears and Associates
Executive Search & Selection in Investment Management
A MEMBER OF THE SMCL GROUP

Our goal is to become the best financial services company in the world. We believe five corporate values – customer focus, respect for each other, team work, quality and professionalism – will help make Chase the provider of choice, the investment of choice and the employer of choice.

SENIOR BUSINESS MANAGER – OFFSHORE FUNDS

DEVELOPING OUR PROFILE... BUILDING OUR MARKET SHARE

Substantial negotiable rewards package — Luxembourg

The Chase Manhattan Corporation, with over $100 billion in assets, is a global financial services company accessing all the important world markets for clients as they raise capital, invest, move and manage their financial assets.

Chase Global Securities Services meets the needs of institutional investors investing outside their home countries, covering all facets of securities administration worldwide. Chase is one of the world's largest global custodians with over $1 trillion in assets under adminstration worldwide. The services offered include custodial, securities lending and offshore funds services.

To further develop our presence in the Luxembourg market, we are seeking a charismatic senior relationship manager whose wide ranging brief will cover sales and marketing, relationship management and acting as Chase's local representative.

Specifically this will mean the development of new and existing business – direct, through local intermediaries, as well as via our global network of relationship managers. Equally important will be ongoing liaison with senior level clients and adopting a very high profile amongst local interest groups on behalf of Chase - becoming a source of informed comment and opinion for business, industry and observers alike.

Personal credibility and stature in the market, coupled with relevant sales, marketing and technical skills are pre-requisites for the task which offers long term potential either here or elsewhere in the organisation.

For the right person we will negotiate a significant rewards package comprising salary, bonus and other worthwhile benefits including relocation assistance if appropriate.

Send your CV to the HR Resourcing Manager, Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London, EC2P 2HD. Please quote ref: DL/11/FT on both your application and envelope. Closing date: 12 October 1994.

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.SM

CHASE

Education Manager

c.£34,000 + benefits

LIFFE - the London International Financial Futures and Options Exchange - is Europe's leading marketplace for the trading of futures and options, and the third largest exchange of its kind in the world. Since our inception in 1982, we've experienced a compound growth rate of over 50%; in 1993-94 alone, our volumes have increased by 80%.

The derivatives market has been described as the world's fastest-growing industry. Consequently our need to educate an expanding and diverse financial community in the use of futures and options becomes ever greater. A significant expansion of our activities is planned for the coming year, creating this opportunity for a confident, high-calibre individual to join our Education Department team.

Education at LIFFE has a reputation for quality and innovation. You will be expected to sustain this through the design and presentation of a wide variety of courses - ranging from the traditional to the software-based - to meet the needs of member firms and clients. With responsibility for delivering courses both in the UK and overseas, you must be prepared to travel internationally as required.

You will need at least two years' experience in financial markets or in financial training within the banking and securities sector. A postgraduate financial qualification (MBA or equivalent) would be an advantage, and you must have a sound knowledge of futures and options.

You should also be able to demonstrate past success in a teaching capacity, excellent presentation skills, and the ability to grasp complex ideas and communicate them clearly and effectively. Fluency in German or Italian would be a bonus.

Naturally, you will receive full training in LIFFE products and their applications. Salary will be supported by an attractive range of benefits. Personal development prospects are excellent within LIFFE's rapid-growth environment.

Please apply, enclosing your full cv and salary details, to Charles Crookall, Personnel & Training Manager, LIFFE, Cannon Bridge, London EC4R 3XX.

LIFFE

The London International Financial Futures and Options Exchange

SENIOR RECRUITMENT CONSULTANT

We are currently enjoying the most successful of our 13 years service to the international and merchant banks in the City. During this time we have established a reputation as one of the City's leading consultancies, and our success has been based upon the maintenance of long-standing relationships with clients and candidates, who appreciate a quality service provided with promptness and integrity.

A significant increase in the number of clients wishing to use our services has provided the opportunity for an additional consultant to join the team of high-calibre professionals and take responsibility for a specific area, anticipated to be a key segment of the company's future business.

This will suit a dynamic, highly motivated individual, probably aged 27-36, with good knowledge of the securities markets, a real interest in people, and a willingness to work hard to achieve job satisfaction, independence and a particularly rewarding results-based remuneration package.

Interests from parties currently involved in recruitment consultancy will be handled with the utmost discretion. For further details, please call Gordon Brown or send a CV to the address below.

GORDON BROWN & ASSOCIATES LTD RECRUITMENT CONSULTANTS
4th FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP. TEL: 071-628 7601 FAX: 071-638 2738

GB Gordon Brown

Civil Aviation Authority AUSTRALIA

Director, Aviation Safety Agency

The CAA is the Government authority responsible for setting and maintaining safety standards for civil aviation operations in Australia and for Australian aircraft operations outside Australian territory.

As a result of a restructuring, applications are sought for the position of Director, Aviation Safety Agency. The ASA is the area within the CAA with the primary responsibility for setting safety standards, encouraging voluntary adherence to these, and ensuring industry compliance. The ASA also has a mandate to oversee the entire operations of the CAA from the safety viewpoint.

The Director of the Aviation Safety Agency will be a member of the Board of Directors of the CAA.

The successful applicant will:

- Demonstrate success in senior management of a complex business enterprise.
- Be experienced in safety management.
- Be experienced in issues management involving multiple stakeholders.
- Be capable of participating at Board level on all issues.
- Be experienced in leadership of a large multi-disciplinary team.
- Have a confident grasp of technical issues.
- Be an articulate, confident person with high level negotiating skills.
- Appreciate constraints and demands of a politically accountable GBE.
- Be a consensus builder with a consultative style.

The successful applicant is likely to:

- Have experience in the aviation industry and knowledge of safety regulation and/or aviation safety.
- Be experienced in regulatory and/or political environment.
- Have held a senior management role in an environment undergoing significant change.
- Have tertiary qualifications in engineering, mathematics or natural sciences.
- Be competent with media.

The Compensation package will reflect the importance of this role. The position is for a term of 3 years and the location is Canberra.

Qualified candidates are invited to apply in writing by 28 October, 1994. Applications should be addressed to:

Ms C Rowley
Russell Reynolds Associates Inc.
Suite 1902, AMP Centre, 50 Bridge Street, Sydney NSW 2000 AUSTRALIA.

BIG TICKET LEASING

£100,000 plus significant bonus

A major global investment bank is seeking to appoint a leasing professional who possesses an unrivalled track record within the £10m + U.K. domestic market. Operating on an advisory and arrangement basis, the appointee will be responsible for the marketing, structuring, and selling down of U.K., and some cross-border, big ticket transactions, recruiting additional team members as appropriate.

CROSS-BORDER LEASING

£80,000 plus significant bonus

A renowned international bank is seeking an experienced cross-border leasing specialist. Operating primarily within the European markets, the appointee will negotiate and close complex big ticket facilities and also act as Deputy Head of the department. Candidates, aged 30 to 38, should possess first class experience within this sector, encompassing origination, technical creativity and exposure to complementary capital market products.

Please contact Peter Haynes or Keith Snow

All applications will be treated in strict confidence. No information will be disclosed without applicants' prior consent.

Jonathan Wren & Co. Ltd., Financial Recruitment Consultants,
No. 1 New Street, London EC2M 4TP
Tel: 071-623 1266 Fax: 071-626 5259

JONATHAN WREN LEASING

LEOPOLD JOSEPH
MERCHANT BANKERS

CREDIT OFFICER

circa £23-30,000 plus benefits

There is an opportunity to join an expanding team in the Banking Department of a highly-regarded, quoted UK merchant bank.

Leopold Joseph & Sons Limited now wishes to recruit a credit officer to assist in marketing its credit services. Reporting to the Banking Director, the main challenge is to expand the bank's lending business. Key responsibilities will include marketing, analysing proposals, negotiating terms of credit facilities and managing a growing portfolio of accounts.

Aged between 24-35, applicants should be graduates, with a minimum of 2-3 years' credit experience, a good grasp of credit analysis and knowledge of secured lending.

Write with full CV including salary details to:

**Bridget Anderson, Assistant Director, Personnel and Administration,
Leopold Joseph & Sons Ltd.,
29 Gresham Street,
London EC2V 7EA**

Member of IMRO

COMMODITIES VOLATILITY ARBITRAGE

Small trading company seeking an university educated individual to establish an inter-exchange trading desk through the use of futures and options. Candidate must be well-versed in programming (Lotus, Excel, and Code), have at least 2 to 3 years experience in running sizeable options portfolios (including delta and vega hedging), and be willing to work long hours consistent with global markets. Extensive trading experience with all N. American commodities markets (hard and soft) is requisite while Asian and European experience is helpful. The successful candidate must also be willing to research numerous markets, be highly numerate and an excellent communicator. As part of a young trading team, the individual should be between the ages of 24 and 35 and be willing to travel regularly. Fluency in French or German is a must while Japanese and other European languages is a plus.

SALARY C. £60,000 + BONUS

Please forward CV to:

J.P.E. 49 Queen Victoria Street, RMS 19-21, London, EC4N 4SA

INSTITUTIONAL MARKETING
UK Engineering Sector

An excellent opportunity to market the well-ranked product of a leading UK name

Our client is a major international securities house with an excellent research product and strong institutional client base. As part of their continuing development they seek an additional specialist to strengthen their highly regarded engineering team.

The role will involve working closely with the analysts and liaising with the general UK equity salesmen whilst marketing the engineering team's research product to UK institutional clients.

Candidates, probably in their late 20s or early 30s, should be well educated with a good knowledge of the UK engineering sector and its companies. Some experience may have been gained within industry, but at least three years must have been spent as an analyst, salesman or within fund management. Strong communication skills and team spirit are essential.

For an initial discussion in confidence please contact us quoting reference 5080 at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

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SENIOR ANALYST

One of the leading Hedge Fund managers requires a senior analyst to work in the Special Situations area. Candidates should have at least 4 years analytical experience and possess an MBA from a leading school. A strong financial background is a pre-requisite for the job, as is experience gained in a relevant investment environment. A second European language would be an advantage.

Please write enclosing CV to box A2167, Financial Times, One Southwark Bridge, London SE1 9HL

CARL BRO GROUP

The Carl Bro Group intends to expand its activities in Central and Eastern Europe as well as NIS countries, and looks for consultants of European nationality for long term assignments (minimum 12 months) for ongoing and up-coming projects.

REQUIREMENTS:

- Master's Degree or equivalent in economics, finance or management, and a minimum of 10 years postgraduate experience, which should include international development projects, or banking experience at high level in one or more of the following disciplines:
  - Financial Management
  - Credit Operation
  - Credit Risk Management
  - Organisational and Operational Issues
  - Accounting
  - Enterprise Workout from a Banking Perspective
  - Training
- Experience in Eastern Europe and CIS countries, particularly in programmes to convert financial institutions into Western- style universal banks would be an advantage.
- Fluency in English. Working knowledge of Russian or French would be an advantage.

We can offer:

- Challenging assignments in an international environment
- Competitive remuneration package

Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably per fax.

Carl Bro International a/s
Department of Economics, Finance and Social Development
Attn.: Fredrik Pitzner-Jørgensen
Granskoven 8
DK-2600 Glostrup
Denmark
Telephone: +45 43 96 80 11 Fax: +45 43 96 85 80

Carl Bro Group

The Carl Bro Group is a major international consulting company with a staff of 2,300. It is a multidisciplinary group of companies undertaking a broad spectrum of assignments in Denmark, Western and Eastern Europe and developing countries.

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If you have min 3 years exp in UK Equities, aged between 25-35 yrs. Would like the opportunity of working in a young expanding company. Client base provided, generous commission package. Call 071 403 3212 REF TR. Or Trainee sales position 071 403 3212 REF AB.

UK BOND ANALYST

PosTel Investment Management Ltd is the principal investment manager for the British Telecom and Post Office Pension Schemes with assets under management in excess of £25 billion.

We are seeking to appoint a Bond Analyst to work within the fixed interest team which manages £3 billion in UK and Overseas bonds.

The successful candidate will work within a small team and be responsible for assisting in the management of the substantial government and corporate bond portfolios. One or two years experience of bond fund management should have been gained, with credit analysis experience preferred.

A good numerate academic background plus computer skills would be an advantage.

A competitive salary is offered plus benefits including mortgage subsidy, contributory pension scheme and performance related bonus.

Please apply in writing with full personal and career details to:

POSTEL

**Sheena Gibson, Personnel Manager
PosTel Investment Management Ltd
Standon House
21 Mansell Street
London E1 8AA**

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W H Ireland Stephens Co. Ltd., 8 St. John Street,
Manchester M3 4DU
Tel: 061 832 8484 Fax: 061 832 9164**

Investment & International Sales Managers

OTE £50K

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EAGLE STAR needs little introduction - or so you might think. The fact is that the Eagle Star of today is a very different animal from the Eagle Star of yesterday.

One thing that never changes is that we're changing. Changing to become more sharply focused on the challenges ahead for intermediary sales. Changing the range and performance of our products and changing the approach of the people providing them.

Eagle Star will be a major force in the investment market. Which is why we're interested in you.

We're creating these new posts in key regional centres across the country to build on our success in selling investment and international products through intermediaries as well as direct sales. Your background in one or more of these fields will have equipped you with the technical knowledge, but you will now be able to build on this to develop the skills of the sales teams in your region in order to capitalise on this exciting marketplace.

This means training, supporting, motivating and leading by example to achieve set targets for the region. This will include working closely with the development of key accounts. You will also be the source of market expertise in this area and, in conjunction with your counterparts across the UK, will shape the future of investment and international sales for the whole company.

To succeed in this high profile role, you'll possess a proven track record in selling PEP's, Unit Trusts and Investment Bonds and have the ability to quickly grasp the international elements of our portfolio including SICAV, offshore bonds and life and pension products. Most importantly, you will have the personal credibility and drive to develop this business to its full potential within Eagle Star.

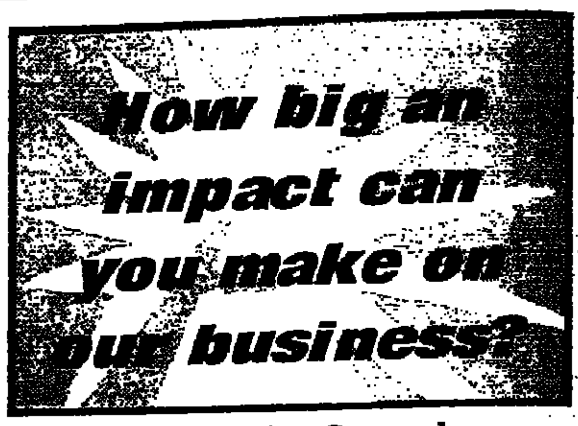
In return, as well as the opportunity of rapid career development, we can offer an excellent package of salary, incentives and benefits reflecting your contribution to the business.

So if you've got an eye for an investment opportunity, send your cv to Lesley Szperling at the address below, or call Steve Glynn, National Investment & International Sales Manager, on 0242 221311 ext. 34749 to discuss the possibilities.

Please quote ref: 141/FT.

EAGLE STAR

Eagle Star Life Assurance Company plc, Eagle Star House, Bath Road, Cheltenham, Glos. GL53 7LQ.



Senior Audit Consultant

Fidelity Investments Reigate & Tonbridge

It's up to you. As part of Fidelity Investments, the world's largest independent investment management organisation, you will find the scope immense.

This is an outstanding opportunity to join our established, high profile Operations Audit and Analysis team. Here you will have the autonomy to plan and execute varied international audits addressing business risks and risk exposure, and to identify and recommend improvements in business processes.

In this new role, you will spend up to 75% of your time within Fidelity Brokerage Services, part of one of the world's largest discount stockbrokers. So you will need an in-depth understanding of the stockbroking business and processes, settlement and rolling settlement, custody, and security trading and clearing processes both in the UK and global markets. You will also need knowledge of the regulatory environment.

You are a Chartered Accountant with at least 8 years' post-qualification experience either gained in a major accounting firm or in a finance role within the securities industry. Able to communicate at all levels, you will enjoy a challenging routine of assignments and the opportunity to work on other audit projects both in the United States and elsewhere.

There is no doubt that you will have genuine influence as part of the Operations Audit team. You can also look forward to a competitive salary and benefits package, and every chance to progress.

To apply, write with your c.v., and details of your salary expectations, to Christine Govett, Fidelity Investment Services Limited, Oakhill House, Hildenborough, Tonbridge, Kent TN11 9DZ.

Fidelity Investments

SAMUEL MONTAGU

Member HSBC *Group*

SPECIALISED FINANCING

CITY **£ EXCELLENT**

Samuel Montagu is the UK and European merchant banking arm of HSBC Holdings plc, one of the largest and most strongly capitalised financial services organisations in the world.

The Specialised Financing Division has an outstanding reputation for providing a wide range of financial solutions in such areas as:

- Acquisition Finance
- MBO/MBI Finance
- Mezzanine Finance
- Syndicated Lending
- Banking Advisory

As a result of continued expansion, Samuel Montagu wishes to recruit a small number of high calibre staff who will provide analytical and marketing support to senior managers and directors. In addition there are opportunities for more experienced junior managers with transaction management records.

Successful candidates are likely to:

- be graduates with 2-5 years banking experience
- be credit trained and familiar with financial modelling
- have strong interpersonal skills and the commitment and drive to succeed

Applications are also invited from top quality ACA's who wish to develop a career in banking.

A highly competitive remuneration package is offered including the full range of merchant banking benefits.

Interested candidates should call **Stephen Grant at Robert Walters Associates on 0171-379 3333** (confidential fax **0171-915 8714**), or write to him, enclosing a copy of your curriculum vitae, at **25 Bedford Street, London WC2E 9HP**.

ROBERT WALTERS ASSOCIATES

MDA INVESTMENT MANAGEMENT LTD
INVESTMENT MANAGER

MDA Investment Management Ltd are one of the largest and most successful Category 1 FIMBRA members of the United Kingdom.

We are seeking an Investment Manager to join our existing team to actively manage £50 million minimum of Discretionary Management funds. Portfolios consist primarily of unit trusts, investment trusts and direct equity holdings which are selected and managed on behalf of private investment clients.

The successful applicant will be expected to participate in a marketing campaign to increase funds currently under management as well as have past experience, an excellent track record and be registered with PIA/FIMBRA.

Professional qualifications would be preferred and applicants would be required to pass FPI, 2 and 3 exams as well as the Investment Advisory Certificate at the Securities Institute.

An attractive remuneration package will be offered to the successful applicant.

Please send your full CV to:
Valerie Doney
MDA Investment Management Ltd
Woodland Point, Wootton Mount
Bournemouth, Dorset
BH1 1PJ

FIMBRA MDA

Recent Graduates

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ACCOUNTANCY COLUMN

An institutional fracture in need of repair

Jim Kelly on the importance of solving the debate on how to reshape the six professional bodies

The accountancy profession is currently suffering from an acute attack of institutional gridlock. Asked to forge a new structure to meet the challenges of the next century, the six main professional bodies have been reduced, in the words of one leading player, to "flicking paperclips at each other".

In theory, the reshaping of the profession should be taking place in an office on Salisbury Square, off Fleet Street. Here leading representatives of the bodies meet to discuss reform under the chairmanship of David Bishop, a partner at the accountants KPMG Peat Marwick specialising, helpfully, in change management.

Gathered around a single table are the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland, the Institute of Chartered Accountants in Ireland, the Chartered Association of Certified Accountants (ACCA), the Chartered Institute of Public Finance and Accountancy (Cipfa), and the Chartered Institute of Management Accountants (Cima).

The bodies have already produced the so-called Bishop Plan which envisaged a merger to form three geographical blocks – England, Scotland and Ireland. They agreed that their combined membership of 200,000 should be consulted on the plan.

At least that is what they thought they had agreed. The powerful ICAEW is accused of not consulting at all but promoting the merger plan, which its rivals see as a vehicle for it to swallow up the rest, or at least its biggest rival, the ACCA. Partly motivated by this perceived injustice, ACCA promptly produced its own plan – dubbed Bishop 2. This shelved rationalisation in favour of harmonisation under a new umbrella body constructed along the lines of the General Medical Council – and named the General Accounting Council.

The ICAEW was stung to respond in language not normally associated with accountants. The idea was, according to the its mild-mannered president Roger Lawson, not only "dead on arrival" but "still-born".

A president of one of the bodies received notification of this plan several days after it appeared in the press. Others heard of it for the first time over the table at Salisbury Square. One can only imagine the discomfort felt by David Bishop in such circumstances.

Yet again the accountancy profession appears to be heading for fracture when consolidation was in sight. The last successful merger was in 1957. The last time they failed, in 1970, the result was the Consultative Committee of Accountancy Bodies. Born of failure it is seen by many as having failed the profession at a vital time.

During a decade marked by corporate collapses such as the fall of the Maxwell empire, Polly Peck and BCCI, many in the profession, and plenty in government, have looked to the professional bodies for public accountability. This highlights the problem facing the bickering six: there are strong forces at work which require the profession to do something before something is done to it. Another corporate collapse could convince the present government to put the accountancy profession on its agenda. A Labour government might find the time any way. If neither acts the European Parliament may.

The need to provide public accountability, regulation and standards is recognised. Mr Michael Heseltine, the trade and industry secretary, joined the argument by telling the profession earlier this year to merge in order to improve its ability to lobby government. Accountants, he said, should speak with one voice.

The problem is that the six cannot bring themselves to talk sensibly to each other. The cloud of competition has to some extent obscured the need to provide a service to customers. The CIAEW is, for one, aware that prevarication could cost the profession dear.

ACCA is emerging as a dynamic body. Its chief executive Anthea Rose is a forceful personality who appears to have a firm grip on her organisation. ACCA has 100,000 students (about half of them outside the UK) compared with the ICAEW's 11,000. Outside the UK, ACCA's qualifications and ideas are spreading fast.

ACCA wants this potential power to be realised while the ICAEW's *strengths, founded on its prestigious* chartered brand and more than 100,000 members, stand in its way. It is understandably furious about the Bishop 2 plan. However, ACCA is terrified of being swallowed whole by the ICAEW. It wants to protect its "core values" of open access to the profession, flexible education and a common "title" for accountants. ACCA suspects the ICAEW is pushing its members to share their coveted title now, in a merger they can dominate, rather than later in a merger with stronger partners.

The other bodies watch this clash of power with increasing alarm. In Ireland things are simplest in the most complicated of settings. Throughout the violence the institute has met in both Belfast and Dublin, and is committed to an all-Ireland body. It would preserve this arrangement under Bishop and has therefore given it a cautious welcome.

Cima is for rationalisation and welcomed the publication of Bishop. It wants recognition of the value of its international activites and of the status of management accountancy as an equal partner with other disciplines.

Cipfa has strong sympathies with Bishop 2. It feels that the original plan was rushed through and as a result was ill-conceived with little regard for detail. A papering over of the cracks which inevitably fell apart. It would probably support a limited Bishop 2 scheme for an umbrella body and some harmonisation between the bodies operating under its governance.

The Scots find themselves in a no *lose situation. Their treasured* independence and compact organisation are rigourously defended. Their position is less anxious and summed up as: "Its best to remain good friends rather than be unhappily married."

Most of the bodies believe that the worst scenario is approaching. That the position *ante Bishop* will be the same as before.

To avoid such an outcome some creative thinking is going on about a possible structure for debate in 1995. The idea of the General Accounting Council might survive in some form – perhaps even as a "limited umbrella" covering some of the bodies. There is a strong sense that the GAC was a credible idea launched with disastrous consequences for merger. Cynics believe its launch was designed to be just that.

Meanwhile a process of ad hoc harmonisation may well begin to spring up. This could be limited to targeting areas for joint action or simply to cutting costs by amalgamation of services. It might also stimulate a debate about whether the profession is one profession, or several. If the second, what is wrong with not speaking with one voice?

The role of the ICAEW is crucial. It has moved boldly for change at a time when it knows it can dominate the outcome. But its motives are not as ignoble as often painted. Even the other bodies acknowledge that the profession gains much of its intellectual drive from auditing and the Big Six accountancy firms. The ICAEW is vital to the health of both. In the rush to merge many fear these traditional strengths of the ICAEW will be undermined and isolated in some new conglomerate of bodies.

The ICAEW rejects the charge that it tried to push Bishop on its members. It says that to achieve progress, all the bodies agreed to consultation on the Bishop plan.

Above all there is a sense from all concerned that the profession must put its own house in order. If the present acrimonious debate achieves anything it must be a willingness to compromise to achieve change.

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An ACA with a good first degree and possibly an MBA, you must have several years' post-qualification audit experience, preferably within an international banking or similar 'best practice' environment. Your high personal credibility at senior management level will be based on all-round professional expertise, strong personality, and first-class analytical, communication and presentation skills.

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To apply, please send your cv to Roselyn Cason-Marcus, Ref: 2053/RCM/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

PA is an equal opportunity employer.

PA Consulting Group
Creating Business Advantage

FINANCIAL CONTROLLER

North **to £40,000**

Our client is a highly successful manufacturer of high quality component products for a variety of blue chip customers worldwide. The company's track record of growth to date has been impressive and a programme of continuous investment and product innovation has ensured that they are well placed to take advantage of growth opportunities.

They now seek to appoint a Financial Controller who will assume responsibility for the day-to-day running of a high calibre finance function. Emphasis is placed not only on the integrity of accounting records but also on the commercial bottom-line impact of financial information. The Financial Controller is a key member of the management team and will be expected to play a proactive role in the business.

Candidates, aged 27 - 35, will be qualified accountants of graduate calibre who can demonstrate strong technical abilities allied with a high degree of commercial focus gained within a fast-moving manufacturing environment. First class interpersonal skills and the drive, initiative and enthusiasm required to make a real impact in a dynamic business are prerequisite.

**Interested applicants should write in confidence to Fred Howie ACMA,
Managing Director, Northern Recruitment Group,
13 Museum Street, York YO1 2DT.
Tel: 0904 610888 or 0904 610800 Fax 0904 611133**

BS5750

Northern RECRUITMENT Group

Finance Director

Leading European Boutique
London Subsidiary of a Major US Institution

The company is the small high calibre European investment arm of one of the largest and most prestigious American financial institutions. It is the leading provider in Europe of private debt, managing a $3 billion portfolio which spans nine European countries.

You would be the company's first Finance Director, a position made necessary by growth and the need to create and manage internal finance and treasury functions. Your responsibilities would be wide, covering financial control, treasury, compliance and Board-level strategic planning.

You need to be a Chartered Accountant with at least seven years in accounting and finance, most of which should have been spent in a major organisation in international banking or securities. You must have the technical knowledge to set up independently a range of new functions and the breadth of vision to take on a full Finance Director's role.

Please write in confidence to Terence Hart Dyke, a consultant to the Company, at Haley BDC, 63 Mansell Street, London E1 8AN.

HALEY BDC

London — To £70k + Banking Benefits

Head of Financial Control Systems - Europe

Our client, one of the leading US investment banks, has built its reputation on providing added value to its clients through continuous innovation. They have recently embarked upon an ambitious global IT strategy, exploiting leading edge technologies across all areas of the business. Fundamental to success will be state of the art financial control systems, prompting the need for an ambitious, talented Manager to lead these developments in Europe.

You will have in-depth knowledge of accounting systems and a track record of successful project management gained in investment banking. This role demands an exceptional individual who can manage multiple projects across a number of European locations. At the same time, you will work closely with the business in order to plan and execute the delivery of the next generation of systems. You will be expected to show practical examples of delivering business advantage through IT solutions.

The demands are high, but the rewards are excellent. Ideally the successful candidate will have solid international experience and language skills would be advantageous. Salary will not be an inhibitor for qualified candidates.

To apply, please send or fax your CV, quoting reference number 11401, salary details and where possible, daytime telephone number to the advising consultants, Goodman Graham & Associates, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax 0923 854791.

GOODMAN GRAHAM

A Goodman Lord company

Finance Director

Leeds — **c £40,000 + Car + Bens**

Legal & General

Legal and General Estate Agents have a network of over 150 corporate branches and 75 franchised. They trade under a variety of local brand names including Whitegates in the North, Adam Kennedy around London and Parkers in the South. Having operated through extremely difficult market conditions, they are well positioned to take advantage of market growth.

They seek to appoint a Finance Director, who reporting to the Executive Chairman will assume responsibility for financial management and administration within the business. More specifically, this will encompass monthly and annual reporting, budgetary control and the further development of management information systems through the supervision of around 40 staff. You will be a key member of a closely knit management team and will be expected to provide strong financial leadership and have a significant influence on the future of the business.

Candidates, aged 35+ will be qualified accountants who can demonstrate strong technical ability and a high degree of commercial acumen. Essential personal qualities include outstanding communication skills, strong personal presence and maturity, along with a tough-minded approach to business control.

Interested candidates should send a comprehensive curriculum vitae to **Stephen Banks, ACMA, Michael Page Finance, Aquis House, Greek Street, Leeds LS1 2PX.** Quoting reference 204359.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Finance Director

London — **£55-75,000 + Car + Bonus**

Our client is a rapidly expanding, global division of a major US corporation, which is the world leader in the design, manufacturing and distribution of high technology products. Marketing powerful brands to consumers worldwide, the company is at the leading edge of innovation in an aggressive, success orientated industry.

Substantial future growth potential now demands the appointment of a Finance Director who will be responsible for all financial, commercial and administrative aspects of the business, working at both strategic and operational levels. The successful candidate will work closely with the management team to optimise opportunities and profits, and develop sophisticated planning and forecasting techniques.

Candidates, aged 35-42, will be qualified accountants with a proven record of senior management experience gained in a fast moving, multi-site, international environment. Excellent communication skills, strong computer literacy, a hands-on approach to business management, combined with drive, enthusiasm and the ability to thrive under pressure will be essential.

Applicants should forward a comprehensive CV, quoting ref **205558**, to **Mark Hurley ACMA** or **Alan Dickinson FCMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Head of Audit

North West — **c £40,000 + Car + Bens**

Our client is a major British Group with significant international operations. They seek to continue their success through their commitment to the highest quality standards backed by substantial investment programmes and research and development aimed at maintaining their technological lead in an increasingly competitive market place.

Following the promotion of the present incumbent, they now seek to appoint a Head of Audit, who will report to the Director, Financial Control and the Board Audit Committee. With the support of a small team you will play a major part in ensuring a pro-active approach is taken in maintaining effective operational and financial control throughout the Group. You will be actively involved in ad-hoc investigations including the appraisal of acquisition and joint venture opportunities.

Candidates will be commercially aware graduate Chartered Accountants, preferably 'Big 6' trained, with strong audit experience gained through an exposure to major clients engaged in processing, engineering or utilities. Key elements for success will be your ability to challenge the status quo, whilst establishing effective and positive relationships at senior levels within the organisation.

Interested candidates should forward a full CV to **Stephen Banks, ACMA at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.** Please quote reference **205737.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

TIME WARNER

Group Accountant

London — **to £35,000 + Benefits**

Time Warner is a Fortune 500 company with extensive worldwide interests in media, publishing, music and entertainment. The UK operations include such household names as Time Magazine, Warner Music, Warner Bros as well as the rapidly expanding Warner Bros Studio Stores.

Following a recent reorganisation an excellent opportunity has arisen to join the UK Head Office reporting team. In this capacity you will enjoy high level exposure throughout the group and will assume wide ranging responsibilities including the preparation and coordination of UK statutory accounts for all group companies, group consolidations, together with the provision of general accounting and advisory services to associated companies and new ventures.

Reporting to the UK Group Manager, the role will require extensive liaison with management in the UK and the US as well as various external advisers.

The successful candidate will be a qualified Chartered Accountant with 2-3 years post qualification experience who possesses the requisite technical skills to undertake this demanding role. In addition you must be able to work effectively within a tight knit professional team establishing strong working relationships across all functions. Enthusiasm, drive and sense of humour are all qualities which will determine the success of your application.

This is an urgent requirement and preference will be given to those candidates who can start no later than December 1994. Please send your full CV indicating your current salary to **Nigel Milford or Simon North at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH, quoting ref. 204442.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Financial Controller

Sussex — **c £32,000 + Car + Benefits**

Our client is a c£6m turnover hi-tech design and manufacturing company and a world leader in its niche market. A subsidiary of a UK plc, the majority of its high value sales are sold in overseas markets.

Reporting to the Managing Director, this is a hands-on role which encompasses the following:

- Responsibility for complete financial control and reporting requirements at both local and group level.
- Development of management information to assist senior management in the current and future development of the business.
- Provide commercial assistance in evaluating new business opportunities e.g joint ventures, appraising potential new contracts etc.
- Company secretarial duties.

The successful candidate is likely to be a qualified accountant, aged 28-40, with several years experience in a comparable business. Clear evidence of a commercial contribution in previous roles as well as strong financial acumen are essential.

In addition, the successful applicant will enjoy a dedicated hands-on role, readily fitting in with a small dynamic team committed to an open style of management. Knowledge of MIS systems is essential.

As well as a comprehensive benefits package, assistance with relocation is available where appropriate.

Candidates interested in this challenging opportunity should send their CV to **Liam Dowds at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG,** quoting reference **J205466.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Group Financial Controller

In excess of £70,000 + benefits — Central London

With a European turnover in excess of $7 billion and marketing affiliates in a dozen countries, we are a significant force in the downstream oil industry. We have grown rapidly through acquisition to embrace refining and marketing of a wide range of quality petroleum products under a powerful global brand. The next stage of our development involves expansion into emerging markets and major investment in facilities.

Although our normal policy is to promote from within, this new position will be filled through external recruitment, specifically to add to the pool of talent from which our senior management is drawn. If successful, you can expect to develop your career either centrally or as CFO of a major European affiliate.

We will expect a lot from you. For instance, we are redesigning our approach to management information: through your team, you will lead this process and be responsible for the deliverables. We continue to integrate previously autonomous affiliates: you will ensure that our policies and procedures are followed. We will continue to develop new areas of business - many through acquisition - and we will be spending billions on capital projects: you will be assessing the business cases.

Technically first rate, politically sensitive and used to an international business environment, you are probably already in or close to a similar role with a major multinational corporation. Your career path is strongly upwards and you expect this to continue. Whilst we don't expect you to be expert, you have had solid exposure to treasury, tax and systems in addition to accounting. You probably already work in the industry: if not, your sharp intellect and outgoing personality make you confident that you can establish credibility quickly in an industry that is sceptical about outsiders.

Write with full CV and remuneration details to Mark Hartshorne at the address below, quoting reference D/0053. If you would like to discuss the position in confidence, please telephone him on 0171-939 5605. Executive Search & Selection, Price Waterhouse, No 1 London Bridge, London SE1 9QL. Fax: 0171-403 5265.

CONSULTING

LONDON

£25 - £45,000 PLUS CAR

Binder Hamlyn Fry, the consulting arm of Binder Hamlyn, now forms part of the Arthur Andersen worldwide organisation.

Our business purpose continues unchanged: to work with our clients to help them improve performance. The close working relationships we have with our clients are enhanced by our ability to draw on the expertise and resources of the Arthur Andersen organisation throughout the world.

We have a diverse range of clients in the private, public and not-for-profit sectors. We work in multi-disciplinary teams. The work we do demands technical skills, flexibility and initiative. In return we offer variety, challenge and responsibility. People are our business and we are committed to their training and personal development through structured programmes and regular appraisal.

We continue to grow and need to recruit additional high-calibre professionals with backgrounds in accounting and/or IT. We are particularly interested in those with good experience in any of:

- financial services, utilities or retail;
- financial systems implementation;
- IT planning and project management.

We are looking for graduates in their twenties or early thirties, with an excellent academic record, an appropriate professional qualification and broad industrial/commercial or consulting experience. If you are looking for an opportunity to build on your experience and progress within a dynamic environment, then please send a curriculum vitae and salary details to Richard Holland at **Binder Hamlyn Fry**, 20 Old Bailey, London EC4M 7BH, or call him on 071-489 6244. All applications will be treated in the strictest confidence.

BINDER HAMLYN FRY
Arthur Andersen worldwide organisation

MORGAN STANLEY

NEW YORK — INTERNAL AUDIT

This global US investment bank provides a wide range of financial services to a large and diversified group of clients. With headquarters in Manhattan, the firm has a key presence in Europe and the Far East. The Internal Audit Department uses technically advanced audit methods in its reviews of business, management and operational controls.

Our client is looking to recruit immediate contributors to the organisation's success who thrive on increasing responsibility, constant progression and continuous challenge.

Successful candidates will have:

- an excellent academic record
- an ACA qualification with a "Top 6" Accountancy firm or equivalent
- 1-6 years' post-qualification experience gained either in a bank or a financial services division within Public Practice
- very strong interpersonal skills

The positions are based in New York, hence previous experience there is highly desirable. The right to work in the USA would be an advantage.

Interested candidates should telephone **Rachel Hannon on 0171 379 3333 (Fax 0171 915 8714)** or write, enclosing a detailed CV, to **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.** Initial interviews will take place in our London or New York offices.

ROBERT WALTERS ASSOCIATES

Lotus

Working Together

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Lotus Development Corporation is a world leader in the development of software products and services. Our client, Lotus Development Ireland, contributes to this endeavour by developing, manufacturing and distributing innovative software products and services to meet the needs of the business worldwide.

Dublin is now becoming the European Centre for all Financial Services for Lotus Corporation. This will include transactional processing, revenue, credit and collection management, and tax and treasury management. As part of this expansion the company now wishes to appoint suitably experienced people into two senior financial positions.

European Revenue Controller

Reporting to the Senior Financial Controller, the successful candidate will work with Lotus Corporate Office, European Headquarters and the country subsidiaries to develop and implement revenue systems and reports to meet the requirements of the business. Key tasks will be to centralise contract administration and accounting in Dublin; to ensure that all revenue is recognised in accordance with Lotus corporate policy and US GAAP; to manage the credit collection and accounts receivable functions; to update existing controls; and, to lead the development of new and improved technologies.

The person we are seeking will be a qualified accountant, and have at least ten years financial experience including six years in an aggressive asset management, multi-national environment. Ref: LOT010.

European Credit Manager

Reporting to the European Revenue Controller, the person appointed will manage the billing credit, collections and accounts receivable functions for the European Business Group. This will involve working closely with the European controllers and individual country finance groups to establish standard credit and collections policies and measurements, and an independent credit approval process. In addition, he/she will conduct regular reviews with country controllers, influence the quality of order management to improve customer satisfaction and standardise accounts receivable systems and reporting wherever possible.

The appointee will be a qualified accountant with at least four years experience of credit control and order management, at least two of these years should have been spent at an international/European level. Ref: LOT011.

These positions, while demanding, will be of particular interest to candidates who want to be part of a dynamic organisation which depends primarily on the commitment of its staff to ensure continuing success. Strong analytical, communication, interpersonal and PC skills are essential. Salaries and benefits will be to the highest corporate standards.

Candidates should send complete educational and career details, quoting appropriate reference, in strictest confidence to Emer Reynolds at: Price Waterhouse, Executive Selection Consultants, Gardner House, Wilton Place, Dublin 2, Ireland.

Lotus is an Equal Opportunities Employer.

The Coal Authority

As part of the privatisation of British Coal, the Government has established a new public body, the Coal Authority, with a brief to facilitate coal mining operations. It will take over British Coal's ownership of coal reserves; and be responsible for licensing coal mining operations; dealing with physical liabilities arising out of past mining which cannot be privatised, eg. subsidence damage claims and abandoned mine shafts; managing and disposing of property; and maintaining and making available mining records.

We are now looking to fill a key position, which will report direct to the Chief Executive. The Head of Finance/Administration will be a challenging post which will be instrumental in the successful establishment and running of the new Authority.

Head of Finance/Administration
£40-50k

Managing an internal team plus bought in services, you will be responsible for the smooth running of the Authority's Finance, IT, Personnel and Administration functions. You will also provide financial advice and prepare the Authority's annual report and accounts.

Ideally qualified accountant, you will have at least ten years experience in public or private sector financial management and a sound understanding of public finance and commercial accounts. You will be computer literate and your strengths will include finding practical solutions to problems. You will have excellent "people" skills.

The appointment will be for a period of up to three years. The Coal Authority's Headquarters will be in Nottinghamshire.

Please send your CV by 20 October 1994 to Mrs Sandra Harvey, Administration Manager, The Coal Authority, 200 Lichfield Lane, Mansfield, Notts. NG18 4RG. Informal enquiries can be made to the Chief Executive on (0623) 427162.

FINANCIAL CONTROLLER - GERMANY

FRANKFURT

c 180,000 DM plus benefits plus cars

A rare opportunity for an outstanding Financial Controller to significantly impact a rapidly expanding and highly ambitious service based organisation, located in 30 countries worldwide. As the German subsidiary of a forward thinking and progressive US multinational, current turnover is c$4 billion with significant growth projected over the next few years.

A Financial Controller of the highest calibre is sought. Reporting to the Country Managing Director and functionally to the V.P. Finance your responsibilities will include:

- proactive involvement in the timely and accurate production of monthly financial and management information
- the motivation and development of a strong finance function
- strategic analysis, financial planning and commercial input into long term business development
- pre and post acquisition reviews ensuring the successful integration of newly acquired businesses into the Group

A qualified accountant or equivalent you must be technically adept and have first hand experience of UK/US reporting, together with fluency in English and German. Self motivated, determined and with a strong will to succeed you will be ambitious and commercially aware.

An exceptionally stimulating job with considerable prospects for the achiever within Germany or elsewhere overseas.

Interested applicants should write in confidence to **Andrew Livesey** quoting reference number 2089 at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax your details on **071 404 8128** or call **071 404 5501** for an initial discussion.

NICHOLSON INTERNATIONAL UK

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia

Young Ambitious Accountant
City

c£27,000 + Car + Benefits

Our client is the investment management subsidiary of a major financial services group and manages £10bn of investments both for the group and external clients. Operating world-wide, they invest on behalf of a broad range of funds which include life, pension, unit trusts and general insurance.

The subsidiary was established as a separate entity 7 years ago and has grown rapidly since that date. In order to accommodate both current and anticipated business levels, they are seeking to recruit an Accountant who will initially be involved in the financial and cost accounting of the investment management companies. After an initial period, it is expected that the role will develop into a broader project based position to assist in the development of investment products, costing, systems and controls.

The successful candidate will be a graduate qualified accountant, with a good degree, and ideally 2 years pqe. In addition to a strong, outgoing personality, the candidate will be pc literate and have an interest in investments. This is an excellent opportunity to start a career within the fund management industry.

Please forward your C.V. to Keith Tracy, Heathfield Hargreaves Ltd, 10 Sedley Place, London W1R 1HG Tel: 071 493 3084 Fax: 071 493 3104

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In the financial risk management and international treasury field, we are committed to the continued development of our global centre of excellence. We are recognised and respected as leading players in Europe, North America and the Far East. The companies with whom we work are world-class multinationals, who demand the highest standards and expect leading-edge solutions, which deliver demonstrable commercial benefit. Do you have the ability to earn a place in our multi-disciplinary team?

You must be confident and credible in dealings with the top *management of blue-chip organisations, and be eager to work* alongside senior professional colleagues from corporate finance, tax, accountancy and regulation. Being ambitious, you will already have attracted attention through your achievements in one of the following areas:

- risk identification and quantification
- derivative techniques, risks and controls
- risk management strategy and policies
- global cash and liquidity management
- international treasury structure and location
- risk adjusted performance measurement.

This must be supported by a relevant professional qualification or MBA. A working knowledge of French, German or Spanish would *also be helpful.*

The package will reflect the calibre of applicants we are seeking and will not be a constraining factor for the right candidates.

If you believe you can add to the strength of our team, please write with full career details to the Head of this major practice, Howard Lovell, Coopers & Lybrand, Plumtree Court, London EC4A 4HT, quoting reference FT106 on both envelope and letter.

Solutions for Business

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- **Exciting opportunities to work in Singapore, one of the world's leading financial centres**
- **Attractive package**

We seek candidates with a good Accountancy degree from a recognised university or equivalent professional qualifications who have at least 2 years of public accounting experience. For appointments as Audit Supervisors/Managers, at least 4 - 6 years' experience (preferably in an international practice) is required. Candidates who are members of the Institute of Chartered Accountants in England & Wales, Ireland, Scotland, Canada or Australia will have an advantage.

If you have excellent interpersonal and communication skills coupled with an ability to work in a cross-cultural and demanding environment, we look forward to hearing from you.

Successful appointees will be given an attractive package with relocation assistance. Initial appointments will be for *a period of 3 years, with possibility of permanent tenure.* Excellent career advancement opportunities exist for those with proven performance and capabilities.

If you meet the above requirements and want to avail yourself to these exciting opportunities, we invite you to write to us **immediately** with full details of your qualifications, experience and current salary, including a recent photograph. Please address your application to

The Human Resource Manager
Deloitte & Touche Singapore
P O Box 2110, Singapore 9041

All applications will be treated with strictest confidence.

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Exceptional opportunities for talented finance professionals in highly regarded, international U.K. publicly quoted group with outstanding record of consistent organic and acquisitive growth and ambitious future plans. High-profile positions in finance function committed to provision of high level of service and support to business operations to add substantial value to financial performance and control.

Group Financial Controller

THE ROLE

• Key role in acquisitions process, integration and overall strategic direction of the group. • Extensive liaison with external advisers including banks and brokers. Exposure to main board and Chairman. • Provide strong direction to subsidiary Finance Directors with responsibility for continuing enhancement of controls and procedures.

Finance Directors

THE ROLES

• Support decision making across all business areas, identifying pressure points and areas for profit improvement. • Total responsibility for finance and information technology. Lead, direct and motivate teams. • Provide commercial and financial advice on acquisition activities and capital projects. • To be influential members of ambitious and successful management teams.

THE QUALIFICATIONS

• Graduate, "fast-track" accountants. Early/Mid thirties. Entrepreneurial flair coupled with sharply focused commercial and communicative skills. • First class business acumen, team players, with the necessary assertiveness, willingness and capability to originate and implement change. • Pro-active and participative. Thriving on involvement and the influence of financial management as a strategic tool to enhance competitive edge. Flexible to change, ambitious for career progression.

Please reply in writing to 4th Floor, EMCO House, 5/7 New York Road, Leeds, LS2 7PL enclosing a full curriculum vitae and quoting Reference BHM10087. Telephone 0532 467033, Facsimile 0532 433691.

BHM
SEARCH & SELECTION

UK INSURANCE TAX DIRECTOR

GE is one of the World's top five companies with many diverse, well established and growing insurance businesses in the UK which are being continually enhanced by acquisitions. We are looking for an outstanding individual to start a tax department servicing the needs of our UK subsidiaries: Employers Reinsurance Limited and Financial Insurance Group.

This position represents an unique opportunity for a hard working, highly motivated and career minded professional who seeks a challenging tax position in industry. Reporting to the Director of UK Tax, you will be involved directly in tax planning and reporting for the various businesses, as well as assisting with deal structuring and the optimisation of our global tax position.

Specifically, we require a chartered accountant with at least five years' experience of the taxation of general insurance and life assurance businesses. The successful applicant, based in London, will be fully involved in the preparation and agreement of tax returns and be capable of providing hands on, commercial, corporation and insurance premium tax advice to the businesses.

The position calls for a strong communicator, who is a creative thinker and a good team player. A competitive salary and benefit package, commensurate with experience, is offered for this post.

Please apply direct, enclosing your CV, details of relevant experience and current remuneration, to: A. H. Kennel, Managing Director-Human Resources, GE Capital Europe Limited, 20 St. James's Street, London SW1A 1ES.

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OIS

Group Finance Director

Aberdeen — c. £55,000 plus bonus & share options

OIS International Inspection plc is one of the largest independent companies in the world offering technical inspection and non destructive testing services. A market leader, with £40m annual turnover and over 1100 technical and support staff, the group operates principally in the construction, oil, petrochemical and power generation industries – key customers include major oil companies, oil refineries and British Gas. Europe is a major target market and further expansion is planned in the Middle and Far East. Since flotation in late 1992 the group has made various changes and now plans to relocate corporate headquarters to Aberdeen, a main operating base.

The Group Finance Director, reporting to the Chief Executive, will join a small executive team leading the group in developing its full potential in UK and overseas. Key priorities will be relocating the finance/accounting functions and reviewing and developing MIS, accounting and other systems to support operations. Responsibilities will include international tax and treasury and reviewing performance bonds and guarantees.

The role calls for a qualified accountant with knowledge of city institutions and Stock Market regulations and considerable experience of international operations, ideally in a contracting or construction related business. The appointee must have a background in financial control, business planning and treasury management and be a team player with strong communication skills.

Rewards are excellent including a performance related bonus scheme, FE company car, contributory pension scheme and share options. Relocation costs can be met, if appropriate.

Please write with full details of career and salary history to Barbara Robertson MA MIMC, or telephone her on 041-226 5511 for a confidential discussion. Please quote reference FT 6/10.

KPMG Selection and Search
24 Blythswood Square, Glasgow G2 4QS

Outstanding Finance Opportunities

PAN-EUROPEAN OPERATIONS

Central Scotland £'s excellent + relocation

Commitment to product quality and innovation, together with a clear focus on customer needs and market opportunities, have securely positioned our client, a multi-billion dollar US multi-national involved in design, manufacture and distribution of specialist hi-tech products, as the pre-eminent player in its field. Against this backdrop of continued success and growth, and to position the organisation for further radical development, a major new regional finance centre is being instituted, creating the need to establish a highly skilled team of individuals for which the following appointments are key:

ACCOUNTS RECEIVABLE MANAGER (EUROPEAN OPERATIONS)

This senior management position will assume overall responsibility for the entire European A/R function (turnover c. $500 million p.a.), reporting to the head of function in the US.
Main responsibilities will cover:

• Management of European Trade A/R ledger • Meeting and exceeding A/R performance targets • Customer liaison, including debt recovery • Management of account reconciliation/invoice processing • Updating and enhancement of systems and procedures • Special Projects •

Successful candidates will be senior managers with 7–10 years' A/R experience within a multi-national organisation.

ACCOUNTS RECEIVABLE ANALYST

Supporting the A/R Manager, this position would suit a qualified accountant with 3–5 years' PQE in a high value/volume A/R function.

For both positions, knowledge of a second European language, although not essential, would be beneficial.

Interested applicants should contact
Frank Skivington, Senior Consultant,
Melville Craig Executive Resourcing,
126 West Regent Street Glasgow G2 2RQ
Tel: 041 221 8182 Fax 041 248 6008

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Existing and Projected, Profitable Growth of our client demands the addition of a key person to join their high quality treasury team – initially as a Financial Accounting Manager.

Considerable room exists for scaling rapid learning curves and for growth.

With an investment banking background, or perhaps from within the profession, you will have 18 months to three years post qualification experience, be familiar with a wide range of fixed income products and possess a **thirst** for learning **new techniques** and finding **innovative solutions** to new problems.

Interested to hear more?
Telephone Peter Willingham
on 071-321 0336 or 06285 21097 at the weekend

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Our Client, an International *service* company seek a high profile qualified Accountant to head their UK operation. Aged 35-45 you will already have held a position of similar responsibility.
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ACCA/CIMA with 4 yrs PQE, Financial and Management Accounts, interpretation of results, excellent prospects.
Ref: R5382 — Tel: 071 930 5111

Management Accountant
London Bridge — £30,000
Qualified or finalist with strong skills, able to interpret and present *financial* reports to Board. Use of Excel essential.
Ref: R5364 — Tel: 071 930 5111

Property Accountant West End £30,000
Qualified Accountant with previous experience of property accounting required for this major West End company.
Ref: R5364 — Tel: 071 930 5111

Support Accountant West End £30,000
Qualified Accountant with strong communication skills and desirably a public sector background. Immediate start for suitable applicant.
Ref: R5360 — Tel: 071 930 5111

Company Accountant Slough £30k+Car
Diverse Group of companies require high calibre young ACA to head Accounting function. Superb prospects.
Ref: L3355 — Tel: 0753 554 477

Assist Group Management Accountant
West End — £30,000
High profile UK Retailer seek an experienced young qualified or finalist, from an FMCG background, to join their head office team.
Ref: R5348 — Tel: 071 930 5111

Group Accountant Weybridge £30k+Car
Manufacturing Company require fully qualified accountant with previous manufacturing experience. Mgt Accts/Budgets, Forecasting, Statutory A/cs. Age 30-45.
Ref: A1377 — Tel: 0932 844 466

Qualified CA's West End/City £25 - 30k
We have a number of top ten practices seeking experienced qualified CA.s to handle substantially increased workloads.
For further information contact: 071 930 5111

CASINO CONTROLLER/ASSISTANT FINANCIAL DIRECTOR

To control all financial activities for two casinos in Moscow. Successful candidates will have a minimum of three years experience in an equivalent position in the casino industry, preferably with some international experience, and a degree or similar in accountancy. $45,000 to $55,000 per annum d.o.e. 8 weeks holiday, medical insurance, housing and living allowance, 2 trips home each year.

SEEFAR ASSOCIATES
Casino staff recruitment specialists
Tel: 0732 822739 Fax: 0732 822872

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on +44 71 873 3779
Andrew Skarzynski on +44 71 873 4054
Philip Wrigley on +44 71 873 3351

SIAM TRADING LTD.

Chief Financial Officer

Siam Trading Ltd. is a fast growing international conglomerate quoted on the Alberta Stock Exchange, Canada with interests in Britain, North America and the Far East. As part of a strategic review the company is seeking to appoint a CFO who will report directly to the Chief Executive and will play a key part in the global development of the Group's business:

Responsibilities will include:
- To provide full budgetary and financial management for all the companies within the Siam Trading Group.
- To prepare financial accounts for audit for the Group.
- To evaluate acquisitions, disposals and joint venture opportunities.
- To develop funding strategies in the banking and capital markets.
- To assist in the prospectus preparation for the flotation of various business investments of Siam Trading Ltd.

Qualifications:
- Qualified FCA/ACA, aged between 32-42 with CFO/Finance Director experience at PLC and international level.
- MBA (preferably U.S.)
- Knowledge of U.S. and Canadian GAAP.
- Highly PC literate

Salary and package will be commensurate with the position and experience of the candidate.

Please send full c.v. to:

•Tim McCarthy, Chief Executive Officer, Siam Trading Ltd., 346 Kensington High Street, London W14 8NS.

FINANCIAL CONTROLLER

OIL TRADING

LONDON — TO £50,000 PACKAGE + BONUS

Our client is an international oil trading group with well established operations in several countries. A new operation, due to commence worldwide trading in November, is being established in London and an exciting opportunity exists for a skilled and experienced finance professional to set up and run an efficient and effective finance function.

Reporting to the Chief Executive Officer, you will play a key role in the development of the new operation. This is a broad role with wide ranging responsibilities. Your objective will be to ensure that an accurate and efficient service is provided to the CEO and parent company and to introduce effective financial procedures, systems and controls.

To succeed in this challenging role you must have gained broad accounting experience in a commodity trading environment. Probably in your thirties or forties, and ideally a qualified accountant, you will have a practical, flexible approach and excellent communications skills.

To apply please send a CV with salary details quoting reference 1741 to Joan Coulter (071 489 6050).

Binder Hamlyn Fry, 20 Old Bailey, London EC4M 7BH.

BINDER HAMLYN FRY

Arthur Andersen worldwide organisation

Finance Director

European responsibility for an international leader
c£50,000 + Excellent Benefits

Our client, Singapore Telecom International, is a major transnational telecommunications company with extensive plans for strategic expansion, both globally and across a variety of technologies within its domestic market.

At their European Headquarters in High Holborn, the opportunity has now arisen for a qualified and highly experienced Finance Director to take full responsibility for the entire European investment portfolio. In compliance with corporate financial policies, you will be expected to develop accurate financial management controls, manage funding for joint-venture investments, ensure accurate and timely financial management reports and supervise ongoing MIS development.

ACA/ACCA-qualified, you should combine a good, recognised Accounting or Finance degree with at least 15 years' relevant experience, preferably including five or more years spent in Cable TV or a related industry. This extremely senior position also demands a high level of ambition and motivation, plus the confidence and initiative needed to work independently, sometimes under pressure.

For further information, please contact Reed Accountancy, 76 Cannon Street, London EC4N 6AE, telephone 071-489 8005. Ref: 2809U497A

Singapore Telecom

"I want to be moving into marketing"

BUSINESS CONTROL EXECUTIVE

c.£26,000 to £32,000p.a.

You want to be using your accountancy skills in a wider context. You're attracted to marketing and creating business. You know that creativity is nothing without some control...the helpful and practical control you'd like to provide

You want to be with Prudential.

One of the UK's leading providers of pensions, with one of the best respected names in financial services, we are committed to serving an ever wider range of customer needs. We constantly search for new market opportunities and implement new initiatives through a highly professional marketing team

Now we seek a pro-active Business Control Executive to manage, monitor, design and report on various aspects of marketing information and control processes. This will include management of the department's expense budget, sales performance reporting, market share forecasting and the ongoing development of information sources and systems

This is a key role for a professional with strong analytical and planning skills, ability to influence people and issues, an in-depth knowledge of financial control processes and experience of PC based systems. A formal business or accounting qualification is essential and this would be an ideal opportunity for a recently qualified Accountant to move into the marketing area

Salary will be between £26,000 and £32,000pa including London allowance and 6% bonus. Financial sector benefits will include non-contributory pension and low-interest mortgage.

For more details, please telephone 071-334 4132 for an application pack, or alternatively send your full career and current remuneration details to Helen Jackson, HSPCS, The Prudential Assurance Company Limited, 250 Euston Road, London NW1 2PQ.

Closing date: 21st October 1994.

PRUDENTIAL

We are an equal opportunity employer.

TO SUCCEED AS A CHARITY, WE HAVE TO FUNCTION AS A BUSINESS

Director of Finance and Corporate Services

Based: London

With a current annual expenditure approaching £100M, Barnardo's has the dimensions of a substantial business. Our business is children and the issues that affect their lives - everything from homelessness to physical and sexual abuse; from disability to acute disadvantage.

If we are to achieve more for children than just good intentions, we need the disciplines and skills that make any business successful and effective - maximising revenue, controlling costs, making the best use of resources, winning the hearts and minds of the public.

As one of the four executive directors running the largest children's charity in the UK, your job will be to provide professional services which enable the vital child care and fund raising activities of Barnardo's to be effective.

You will need to be comfortable in a highly visible role, a creative thinker, with the skill and persistence to get your ideas into practice. Your strength of personality will complement the logic of your arguments. You will be the kind of manager who achieves objectives by taking people with you. Your professionalism and strong business instincts will be accompanied by a personal Christian faith.

In terms of background, you'll be a qualified accountant with 10 years post qualified experience, five of which should also have seen you managing in a corporate services department - ideally in a role that encompassed functions such as Finance, Personnel, IT, Property Services and PR.

The benefits package includes a competitive salary, car, contributory pension scheme, permanent health insurance and 27 days holiday.

Application forms together with further details of the post and a statement of Barnardo's basis and values and equal opportunities policy are available from Margot Adams, Head Office Personnel, Tanners Lane, Barkingside, Ilford, Essex IG6 1QG. Tel 081-550 8309 (answerphone). Please quote Ref 1059.

Closing date for completed application forms 17 October 1994.

(Charity Reg. No. 216250)

Barnardos

BARNARDO'S : MAKING LIVES WORTH LIVING

BAKYRCHIK GOLD PLC

Our Client is a rapidly developing London-based public group which has entered into a joint venture with the Kazakhstan Government to expand and develop an existing gold mining operation located in north eastern Kazakhstan. Knowledge of Russian is a significant advantage.

QUALIFIED ACCOUNTANT - LONDON BASED

A recently qualified accountant is required for the London Head Office of the Company. Candidates should be computer literate and should ideally have some experience of taxation matters, preparation of annual reports, budgeting, vat and company secretarial duties. In general, an "all-rounder" with a good examination pass record is required, who is familiar with the workings of a small public company. Candidates should be prepared to work overseas for short periods. Terms and conditions will be negotiable.

ACCOUNTANT - KAZAKHSTAN BASED

An accountant is required to assist with the accountancy function of the mining and township operations. Applicants should have experience of computerised accounting systems and be able to function energetically on a remote mine site without close supervision. Previous mining experience would be an advantage but not essential and an ability to assess local accounting systems and integrate them into the Company's system should be demonstrated. A one year renewable single status contract, with an attractive salary, leave conditions and general conditions of employment are offered.

In the first instance, a written career history should be sent to:

Dennis Thomas, Thomas Mining Associates, PO Box 2023, Bournemouth, Dorset BH4 8YR. UK
Tel/Fax: 0202 751658

FINANCIAL CONTROLLER

Guildford — **Competitive Salary + Car+ Benefits**

Our client is part of a US multi-national software development, sales and service company. With a recognised position as a market leader it has a long term record of consistent growth. As well as running the UK company, it has financial responsibility for the Scandinavian and Benelux operations with combined turnover of approximately £17m.

Reporting jointly to the European Finance Director and UK Managing Director and heading a team of six, the Financial Controller will assume responsibility for all finance and accounting functions. This will include forecasting, planning, budgeting, consolidations and the production of timely and effective financial and management information. The Financial Controller will also be expected to participate fully in the commercial management of the business.

Candidates will be qualified accountants with several years of financial management experience gained in a sales driven environment. Superior finance and control skills together with the commercial acumen to work closely with the Managing Director in the profitable running of the business are essential. Creativity, decisiveness and a hands-on, participative management style are all important personal attributes.

To explore this opportunity, please send a comprehensive résumé stating your current remuneration package, quoting reference 3415 to Christopher Rose, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross

MANAGEMENT CONSULTANTS

HUNTING Technical Services

DOMINICAN REPUBLIC - FINANCIAL CONTROLLER

Hunting Technical Services has commenced a major, four-year project, funded by the EC. There is an immediate vacancy for a Financial Controller/ Administrator with responsibility for accounts, preparation of all budgets/cost estimates and financial reports for various rural development schemes. The contract will be for four years, with an attractive package commensurate with an overseas assignment.

A professional qualification in accountancy and fluency in Spanish is essential. Ideally candidates should be over 40 years of age, with a minimum of 10 years experience in accountancy, office management and administration. Working experience in the Caribbean or Latin America regions would be an advantage.

Applications in writing with full CV should be sent to:

Mr N G Schofield, Company Secretary, REF: DRP/94
Hunting Technical Services Limited,
Thamesfield House, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7SR, England

FINANCIAL CONTROLLER

FMCG Manufacturer

A challenging opportunity has been created to head finance at the largest manufacturing site in this £250m turnover company. Continued profitable growth has resulted in a pre-eminent position as a respected supplier to the major high street retailers. Part of a major blue-chip multinational until 1993, the company is now further developing a strong independence.

c£35,000 + Car + Bonus

Manchester

Reporting to the Site General Manager responsibilities will include:-
- All aspects of financial reporting and control for the manufacturing site.
- Development of management information to enable efficient planning mechanisms and maximise business performance.
- Financial control of a £10m capital expenditure project.
- Provision of strong financial and commercial input to all site operational decisions.

Applications are sought from qualified Accountants who are fully conversant with computerised factory accounting and can demonstrate significant achievements in a manufacturing environment. The successful candidate is likely to be aged 29-40, will be a tenacious team player and exhibit strong interpersonal skills. You will also have the potential and ambition to develop within this high profile environment.

Please write with CV, to Andrew Mackie at Robert Half, Brook House, Spring Gardens, Manchester M2 2BQ. Telephone 061-236 0101 or fax 061-236 1024.

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